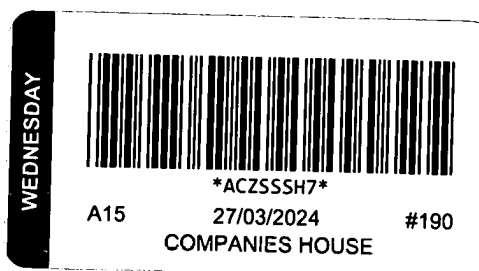


COMPANY REGISTRATION NUMBER: 07040124

DAUSON ENVIRONMENTAL GROUP LIMITED
FINANCIAL STATEMENTS
30 JUNE 2023



DAUSON ENVIRONMENTAL GROUP LIMITED

FINANCIAL STATEMENTS

Year ended 30 June 2023

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DAUSON ENVIRONMENTAL GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr D J Neal
Mr M A Kenney

Company secretary

Mr D J Neal

Registered office

Atlantic Ecopark
Newton Road
Rumney
Cardiff
CF3 2EJ

Auditor

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

DAUSON ENVIRONMENTAL GROUP LIMITED

STRATEGIC REPORT

Year ended 30 June 2023

BUSINESS REVIEW

The Directors consider that the results for the year and the financial position at the end of the year satisfactory and better than planned. Trading performances by Neal Soil Suppliers Ltd, Cardiff Demolition. Co. Ltd, Atlantic Recycling Ltd and Neal Remediation Ltd continue to recover revenue following the interruption to business by COVID-19. Overall revenues increased by c22.6% over 2022YE.

Increased profitable trading was sustained year on year for the Group, having managed to take advantage of the recovery in its sector from 2021, with some areas of the business performing better than others.

As in previous years the Group demonstrated its strength by being able to manage through UK economic challenges. It continues to increase its market share as new recycling processes are developed and new customers gained. The development and use of leading-edge technology by the Group continues it to find innovative processes in recycling and resulting in the production of recycled products.

This multi-disciplined Group continues to balance revenue between Construction Related, Haulage & Soil/Aggregate Supply and Waste Management. This flexibility continues to support the Group through continued expansion and development, mitigating trading risks and potential losses. The acquisition of Resources Management (UK) Ltd ("RML") during the last quarter of this financial period has added a new dimension to the Group, as well as establishing an operating base and presence in West Wales, it has also allowed the Group to explore and expand green energy production and has benefitted from the additional associated revenue stream. The site lends itself to further opportunities in green energy; investment in solar is being considered.

Having a sort after location in Cardiff with its main recycling operations at its 130-acre Ecopark gives the Group a competitive edge, located within 2 miles of the City centre. Its easy access to the South Wales motorway network makes it very accessible and is a factor that contributes to its success. The Group employ 200 employees and a significant resource continues to be directed towards, training, personal development, and succession planning.

2023/24 will continue to be a challenging period for the group balanced between regulatory compliance activity and continued investments in infrastructure and plant.

The Group achieved a post-tax Profit of £6,111,504 (2022: Profit £4,249,365) attributable to the members of the parent company for the year:

- Neal Soil Suppliers Ltd ("Neal Soil") Revenues exceeded its revised forecast for the period. The directors consider the operations of Neal Soil Suppliers Ltd "Neal Soil" and its wholly owned subsidiary Neal Aggregate Suppliers Ltd "NAS" as one trading operation. Neal Soil pay the overheads excluding interest for NAS. On a combined basis they had total revenues of £20m for the period under review.

Neal Soil produced a pre-tax profit of £1,260,845 (2022: Profit £3,349) for the year. The overheads continue to include some additional costs in respect of Neal Aggregate Suppliers Ltd overheads and non-capitalised site costs.

- Atlantic Recycling Ltd ("Atlantic"). Continues to grow profitably. The current period under review revealed a pre-tax Profit of £5,563,278 (2022: Profit £3,525,050).

- Cardiff Demolition Co. Ltd as a contracting business, trades in a highly competitive market. It continues to win tenders against stiff competition and maintains an excellent reputation. Pre-tax profits increased to £337,092 (2022: profit £856,403) 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 £49,195

DAUSON ENVIRONMENTAL GROUP LIMITED

STRATEGIC REPORT *(continued)*

Year ended 30 June 2023

(2022: £20,030). Although revenues were down again £118,049 (2022: £160,641) again mainly due to reduced recovery of ferrous and nonferrous metals. Planned improvements are ongoing to improve processing capacity and quality of output. The revenue from sand and aggregate produced by the plant is recognised in the Neal Soils accounts where much of Neal Agg overheads are also covered and absorbed.

- Neal Remediation Ltd ("Neal Rem") main operations are as an enabling and groundworks contractor for new development sites. It continues to gain medium-term contracts with major housebuilders. It achieved pre-tax profit of £1,162,150 (2022: £894,039) on revenues of £5,268,996 (2022: £4,846,770). Neal Rem utilises the services of the Group and has started the development of some of Bluefield residential housing sites.
- Bluefield Land Ltd ("Bluefield") Started building residential sites in 2021/22. Bluefield's pre-tax Profit for the period was £484,377 (2022; Loss £147,198).
- Resources Management (UK) Ltd ("RML") acquired by the group in 2022 contributed £11,358,185 Revenue (2022: £9,156,454 - 14 Months) and pre-tax profit £1,264,763 (£557,138) to the Group year end results. A multi-use site located in Withyhedge, Pembrokeshire that has future opportunities to be developed into an energy park.

MISSION STATEMENT

"Dauson Group and its affiliates mission, is to increase profitability through innovation; by managing environments, reducing waste and enabling considerate, sustainable development, we will reduce carbon emissions and protect the environment for all our futures".

KEY NON-FINANCIAL PERFORMANCE INDICATORS

1. The Group continues to need significant Capital Expenditure for both Infrastructure and Plant and Machinery at the Ecopark. It continues to re-invest its retained earnings in the business, so the group has been able to continue to finance necessary infrastructure costs from its cash flow together with support from its stakeholders. Plant and machinery have been financed with asset finance over relatively short periods compared with the plants normal working life, freeing up available financing opportunities for replacement and additional plant.
2. The Ecopark operates in a SSSI area and continues to work with the Regulator (the NRW) to maintain the Ecopark in a state of high compliance with its permits. The Group continues to carry out significant measures to prevent any pollution or harm to human life or the Environment because of its operations on the Ecopark.
3. The Group continues to improve its processing operations. It is important for the Group to continue investing in research and development of new technologies which enables the Group to discover treatment of new types of waste streams each year. Major investment in infrastructure is planned and will continue in the Future.
4. The strategic objective continues to be importing higher value waste streams which are important to the Group. Together with identifying alternative uses for waste and bio-products. Power/energy generation is an area being developed.
5. The operation of the wash plant continues to produce sand and aggregate to satisfy industry protocols for recycled products. Significant improvements are planned for 2023/24.

The Group are involved in three main sector operating activities:

Construction/Development Related

- Bluefield Land Ltd
- Cardiff Demolition Co. Ltd
- Neal Remediation Ltd

DAUSON ENVIRONMENTAL GROUP LIMITED

STRATEGIC REPORT *(continued)*

Year ended 30 June 2023

Haulage, Soil and
Aggregate Recycling Supply

- Neal Soil Suppliers Ltd, Neal
- Aggregate Suppliers Ltd and

Waste Management

- Atlantic Recycling Ltd and Resources
Management (UK) 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. There is a planned series of environmentally beneficial and innovative production processes in soil processing and recycling commercial waste materials which are the main innovators. Its anticipated that this innovation program will pick-up momentum in 2023/24, as significant long-term contracts with Blue-chip customers continue to underpin future investments at the Ecopark. There will still be issues associated with the UK's changing weather conditions, the economic climate post BREXIT, which has brought material shortages and high prices to contend with, together with the challenges of recruit quality staff.

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

- Improved infrastructure
- Acquiring & implementing the latest technology
- Securing adequate long-term investment and funding.

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

INTERNAL ANALYSIS

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

EXTERNAL ANALYSIS

Over the past decade, the volume of waste handled by waste treatment and disposal companies has steadily declined, driven by government policies designed to minimise waste and encourage recycling. Government policies have forced significant changes in the industry. There has been a large shift from the disposal of waste to the treatment of waste. The treatment of waste generates much higher revenue than disposal. The most recent Welsh Government data has reported a recycling rate of in excess of 50% across Wales for 2019. The level of waste sent for disposal/treatment has remained fairly stable for the last 8 years. There has been a significant decrease in the proportion of waste disposed of via landfill falling from 42% in 2012-13 to 4.9% in 2020-21. In contrast, there has been a substantial increase in the proportion of waste disposed of via incineration with energy recovery rising from 4.7% in 2012-13 to 28.7% in 2020-21. Of all waste sent for disposal/treatment in 2020-21, a total of 973 thousand tonnes were reused/recycled/composted. This was the same percentage of all waste as 2019-20. (Source Welsh Gov.)

Non-Hazardous Waste Treatment & Disposal industry in Wales handled around 1.5 to 1.6 million tonnes in 2020-21 (Source Welsh Gov.) Waste sent to landfill is decreasing in Wales year-on-year, more than halving since 2001 and is the 2nd best recycling nation in Europe. Increases in landfill tax has and shortage of space forced local authorities to consider alternative waste disposal methods, away from landfill Rates of recycling versus landfill of waste have been rapidly increasing (Source DEFRA) The planet's growing heap

DAUSON ENVIRONMENTAL GROUP LIMITED

STRATEGIC REPORT *(continued)*

Year ended 30 June 2023

of waste in general is forecast by the World Bank to grow by 70 percent in 30 years. And, the astonishing growth of plastics production (half of the 7,800 million tons ever produced has been made since 2004, with 40 percent of it disposable) is outpacing almost all other manufactured materials as well as the ability of developing nations to deal with it. In other words, waste is only going to get worse.

Despite this, the global demand for high-quality recycled materials remains crucial for our future and this is unlikely to change moving forward, given the shortage of natural resources that the world demands. But it all comes down to the quality of the material we are recovering and supplying.

The pace of change in the waste management sector is speeding up. On one front there are rising electricity prices which are providing a boom in income for operators of energy from waste and biomass plants. Consequently, more than ever before there is a recognition that having secure access to waste, from residual black bag material, through to waste wood is important.

On a second front, the plastics packaging tax and extended producer responsibility regimes are encouraging recycling. When 'consistency' legislation comes into play recycling should be given a further boost, although in terms of margins, volatility remains of concern for some businesses.

The last few years have been driven by massive global events, whether that is Covid or, in the case of 2022, the Russian invasion of Ukraine.

For the recycling sector, these have had a huge impact, and it shows how resilient we are that we have adapted and thrived during these times. Like households, recycling and waste businesses have faced higher costs. The Group companies tend to be high users of electricity and transport fuel. If we continue to see high prices for these in 2023, then we may need to see some government support to mitigate these high costs to ensure recycling processing and collection remains economically viable and gate fees affordable.

We have faced the double whammy of a ban on red (rebated) diesel being used to fuel plant in yards, and a reversal of this would be at least one way of helping the sector.

Therefore, the external opportunities created for the Dauson Group to succeed continue to be mainly legislative driven and with limited threats from competition because of its location and extensive facilities at the Ecopark, are well placed to capture a larger market share providing it can maintain financial stability and continue to invest in the latest technology to ensure efficient recycling producing quality product is maintained.

ENVIRONMENTAL POLICY

The Group is committed to minimising its effect on the environment and understands that it must be proactive with environmental issues. This shall be achieved by applying and regularly reviewing the following policy items via the Business Objectives Monitor which includes the Environmental Aspects reduction Plan:

- Comply with/exceed the requirements of environmental legislation and approved codes of practice.
- Assess the environmental impact of all historic, current, and likely future operations.
- Continuously seek to improve environmental performance.
- Strive to prevent pollution, emissions, and waste.
- Minimise the use of all raw materials, energy, and supplies.
- Raise awareness, encourage participation, and train employees in environmental matters.
- Expect similar environmental standards from all suppliers and contractors.
- Assist customers to use our services in an environmentally sensitive way.
- Liaise with the local community.
- Participate in discussions about environmental issues.

In addition to the above points, the Group will ensure that it keeps to the forefront of environmental awareness and will endeavour to only use natural or at the very least, bio-degradable/sustainable materials.

DAUSON ENVIRONMENTAL GROUP LIMITED

STRATEGIC REPORT *(continued)*

Year ended 30 June 2023

This Environmental Policy is appropriate to the purpose and context of the organisation, including the nature, scale and environmental impacts of its activities, products and services and is reviewed annually.

FINANCIAL PERFORMANCE

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

	Audited 2020	Audited 2021	Audited 2022	Audited 2023
	£'000	£'000	£'000	£'000
Turnover	25,246	32,558	38,403	56,136
Profit/(loss) before tax	14	3,425	4,825	8,393
Shareholders' funds	7,568	10,168	14,417	20,529

POST BALANCE SHEET EVENTS

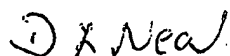
There are no events that occurred since the year end which requires reporting or disclosing in the financial statements.

RESULTS AND DIVIDEND

The profit after taxation of the Company for the year amounted to £6,111,504 (2022: £4,249,365).

The directors have not recommended a dividend.

This report was approved by the board of directors on 22 March 2024. and signed on behalf of the board by:



Mr D J Neal
Director

DAUSON ENVIRONMENTAL GROUP LIMITED

DIRECTORS' REPORT

Year ended 30 June 2023

The directors present their report and the financial statements of the group for the year ended 30 June 2023.

Directors

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

Mr D J Neal
Mr M A Kenney

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

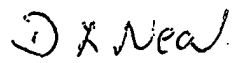
- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's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

DAUSON ENVIRONMENTAL GROUP LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 30 June 2023

This report was approved by the board of directors on 22 March 2024 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read "D J Neal".

Mr D J Neal
Director

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

Year ended 30 June 2023

Opinion

We have audited the financial statements of Dauson Environmental Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the consolidated profit and loss account, company statement of income and retained earnings, consolidated balance sheet, balance sheet, consolidated cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 group's or the parent 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.



**KILSBY
WILLIAMS**
Chartered Accountants

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

Year ended 30 June 2023

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Year ended 30 June 2023

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve



**KILSBY
WILLIAMS**
Chartered Accountants

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

Year ended 30 June 2023

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Use of our report

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

Simon Tee

Simon Tee (Senior Statutory Auditor)

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

26th March 2024

DAUSON ENVIRONMENTAL GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 June 2023

	Note	2023 £	2022 £
TURNOVER	4	56,136,332	38,403,193
Cost of sales		(36,671,120)	(27,011,911)
GROSS PROFIT		19,465,212	11,391,282
Administrative expenses		(9,663,748)	(6,040,811)
Other operating income	5	147,753	174,398
OPERATING PROFIT	6	9,949,217	5,524,869
Income from interests in associates	10	22,500	22,500
Share of profit/(loss) of associates	16	77,504	(2,337)
Other interest receivable and similar income	11	9,833	–
Interest payable and similar expenses	12	(1,665,245)	(719,808)
PROFIT BEFORE TAXATION		8,393,809	4,825,224
Tax on profit	13	(2,282,305)	(575,859)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>6,111,504</u>	<u>4,249,365</u>
RETAINED EARNINGS AT THE START OF THE YEAR		13,410,340	9,160,975
RETAINED EARNINGS AT THE END OF THE YEAR		<u>19,521,844</u>	<u>13,410,340</u>

All the activities of the group are from continuing operations.

The notes on pages 18 to 34 form part of these financial statements.

DAUSON ENVIRONMENTAL GROUP LIMITED

COMPANY STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended 30 June 2023

	Note	2023 £	2022 £
Profit for the financial year and total comprehensive income		(1,560,543)	(482,349)
RETAINED LOSSES AT THE START OF THE YEAR		<u>(1,383,978)</u>	<u>(901,629)</u>
RETAINED LOSSES AT THE END OF THE YEAR		<u><u>(2,944,521)</u></u>	<u><u>(1,383,978)</u></u>

The notes on pages 18 to 34 form part of these financial statements.

DAUSON ENVIRONMENTAL GROUP LIMITED

CONSOLIDATED BALANCE SHEET

30 June 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Intangible assets	14	13,985,644	14,822,627
Tangible assets	15	28,156,105	22,042,541
Investments	16	294,496	216,991
		<u>42,436,245</u>	<u>37,082,159</u>
CURRENT ASSETS			
Stocks	17	2,636,542	3,184,582
Debtors	18	14,000,359	10,430,557
Cash at bank and in hand		<u>1,819,159</u>	<u>1,731,205</u>
		18,456,060	15,346,344
CREDITORS: amounts falling due within one year	19	(22,072,010)	(19,988,063)
NET CURRENT LIABILITIES		<u>(3,615,950)</u>	<u>(4,641,719)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,820,295	32,440,440
CREDITORS: amounts falling due after more than one year	20	(11,069,073)	(13,977,609)
PROVISIONS	22	(7,222,157)	(4,045,270)
NET ASSETS		<u>20,529,065</u>	<u>14,417,561</u>
CAPITAL AND RESERVES			
Called up share capital	26	1,007,221	1,007,221
Profit and loss account	27	<u>19,521,844</u>	<u>13,410,340</u>
SHAREHOLDERS FUNDS		<u>20,529,065</u>	<u>14,417,561</u>

These financial statements were approved by the board of directors and authorised for issue on 22 March 2024, and are signed on behalf of the board by:



Mr D J Neal
Director

Company registration number: 07040124

The notes on pages 18 to 34 form part of these financial statements.

DAUSON ENVIRONMENTAL GROUP LIMITED

BALANCE SHEET

30 June 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Investments	16	22,058,315	22,900,408
CURRENT ASSETS			
Debtors	18	728,728	728,728
CREDITORS: amounts falling due within one year	19	(17,573,839)	(13,577,752)
NET CURRENT LIABILITIES		(16,845,111)	(12,849,024)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,213,204	10,051,384
CREDITORS: amounts falling due after more than one year	20	(6,474,297)	(9,751,934)
NET (LIABILITIES)/ASSETS		(1,261,093)	299,450
CAPITAL AND RESERVES			
Called up share capital	26	1,007,221	1,007,221
Fair value reserve	27	676,207	676,207
Profit and loss account	27	(2,944,521)	(1,383,978)
SHAREHOLDERS FUNDS		(1,261,093)	299,450

The loss for the financial year of the parent company was £1,560,543 (2022: £482,349).

These financial statements were approved by the board of directors and authorised for issue on 22 March 2024, and are signed on behalf of the board by:



Mr D J Neal
Director

Company registration number: 07040124

The notes on pages 18 to 34 form part of these financial statements.

DAUSON ENVIRONMENTAL GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2023

	2023 £	2022 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	6,111,504	4,249,365
<i>Adjustments for:</i>		
Depreciation of tangible assets	5,434,965	3,971,325
Amortisation of intangible assets	836,983	243,069
Government grant income	–	(70,125)
Income from interests in associates	(22,500)	(22,499)
Share of profit of associates	(77,504)	2,337
Other interest receivable and similar income	(5,860)	–
Interest payable and similar expenses	1,683,143	719,808
Gains on disposal of tangible assets	(715,622)	(270,828)
Tax on loss	2,598,957	575,859
Accrued (income)/expenses	(708,884)	459,457
<i>Changes in:</i>		
Stocks	548,040	420,780
Trade and other debtors	(3,666,621)	(1,216,751)
Trade and other creditors	(2,679,478)	(140,870)
Provisions and employee benefits	896,172	56,379
Cash generated from operations	10,233,295	8,977,306
Interest paid	(1,680,196)	(719,808)
Interest received	5,860	–
Tax paid	–	(15,125)
Net cash from operating activities	<u>8,558,959</u>	<u>8,242,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(3,726,170)	(3,201,565)
Proceeds from sale of tangible assets	1,085,292	1,572,004
Acquisition of subsidiaries	–	(2,338,290)
Dividends received	22,500	22,500
Net cash used in investing activities	<u>(2,618,378)</u>	<u>(3,945,351)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	400,000	–
Repayments of borrowings	(588,598)	(199,204)
Government grant income	–	70,125
Payments of finance lease liabilities	(5,664,029)	(3,777,755)
Net cash used in financing activities	<u>(5,852,627)</u>	<u>(3,906,834)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	87,954	390,188
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,731,205	1,341,017
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,819,159</u>	<u>1,731,205</u>

The notes on pages 18 to 34 form part of these financial statements.

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparation

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

Going concern

The accounts have been prepared on the going concern basis for the company and the group.

The company had net liabilities of £1,261,093 at 30 June 2023. The directors have therefore had to consider the appropriateness of the going concern basis.

The company's liabilities are largely amounts due to subsidiary companies which are not expected to be called on for repayment. The directors are satisfied that the profitable performance of its subsidiary companies will continue to support the company for at least the next twelve months and that, with this continuing support, the company will be able to meet its liabilities as they fall due.

The accounts show that the group had net current liabilities of £3,615,950 at the balance sheet date. It reported a net profit after tax of £6,111,504 for the year ended 30 June 2023 and net assets of £20,529,065. The group finances its operations from cashflows derived from its profitable activities and the directors are satisfied that these profitable operations will continue over at least the next 12 months and enable the group to meet its liabilities as they fall due.

On the basis of the above, the directors consider it appropriate to prepare the accounts on a going concern basis.

Disclosure exemptions

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

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

3. ACCOUNTING POLICIES *(continued)*

Consolidation

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

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

All subsidiary undertakings are included using the acquisition method of accounting. Under this method the group profit and loss accounts and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries.

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

Judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

Provisions

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

Useful economic life of tangible fixed assets

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

Turnover

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

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

3. ACCOUNTING POLICIES *(continued)*

Turnover *(continued)*

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

Taxation

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

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

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

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

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

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

Amortisation

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

Goodwill	-	Over the estimated useful life of the asset
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DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

3. ACCOUNTING POLICIES *(continued)*

Amortisation *(continued)*

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

Tangible assets

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

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

Depreciation

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

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

Investments

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

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

Investments in associates

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

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

3. ACCOUNTING POLICIES *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

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

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

Finance leases and hire purchase contracts

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

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

Government grants

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

Government grants are recognised using the performance model.

Construction contracts

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

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

3. ACCOUNTING POLICIES *(continued)*

Construction contracts *(continued)*

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

Provisions

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

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

Financial instruments

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

Defined contribution plans

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

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

4. TURNOVER

Turnover arises from:

	2023 £	2022 £
Sale of goods	625,170	2,418,941
Rendering of services	55,511,162	35,984,252
	<u>56,136,332</u>	<u>38,403,193</u>

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

5. OTHER OPERATING INCOME

	2023	2022
	£	£
Government grant income	134,560	172,348
Other operating income	13,193	2,050
	<u>147,753</u>	<u>174,398</u>

6. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2023	2022
	£	£
Amortisation of intangible assets	836,983	243,069
Depreciation of tangible assets	4,342,185	3,968,371
Gains on disposal of tangible assets	(385,002)	(286,337)
Impairment of trade debtors	122,426	76,007
Foreign exchange differences	–	(19,470)
	<u>–</u>	<u>–</u>

7. AUDITOR'S REMUNERATION

	2023	2022
	£	£
Fees payable for the audit of the financial statements	<u>57,030</u>	<u>53,580</u>

8. STAFF COSTS

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

	2023	2022
	No.	No.
Production staff	166	161
Administrative staff	28	25
Management staff	15	11
	<u>209</u>	<u>197</u>

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

	2023	2022
	£	£
Wages and salaries	8,579,677	7,625,530
Social security costs	855,786	766,278
Other pension costs	92,928	78,573
	<u>9,528,391</u>	<u>8,470,381</u>

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

9. DIRECTORS' REMUNERATION

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

	2023 £	2022 £
Remuneration	763,746	778,542
Company contributions to defined contribution pension plans	1,320	1,321
	<u>765,066</u>	<u>779,863</u>

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

	2023 No.	2022 No.
Defined contribution plans	<u>1</u>	<u>1</u>

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

	2023 £	2022 £
Aggregate remuneration	<u>333,779</u>	<u>221,860</u>

10. INCOME FROM INTERESTS IN ASSOCIATES

	2023 £	2022 £
Dividends from interests in associates	<u>22,500</u>	<u>22,500</u>

11. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £	2022 £
Interest on cash and cash equivalents	<u>9,833</u>	<u>–</u>

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £	2022 £
Interest on debenture loans	950,195	195,470
Interest on banks loans and overdrafts	170,292	67,133
Interest on obligations under finance leases and hire purchase contracts	347,219	327,691
Other interest payable and similar charges	435	129,514
	<u>1,468,141</u>	<u>719,808</u>

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

13. TAX ON LOSS

Major components of tax income

	2023 £	2022 £
Current tax:		
UK current tax income	2,913	(64,488)
Adjustments in respect of prior periods	(1,329)	(8,622)
Total current tax	<u>1,584</u>	<u>(73,110)</u>
Deferred tax:		
Origination and reversal of timing differences	2,280,721	648,969
Tax on loss	<u>2,282,305</u>	<u>575,859</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 58.50% (2022: 57%).

	2023 £	2022 £
Profit on ordinary activities before taxation	8,393,809	4,825,224
Profit on ordinary activities by rate of tax	1,720,731	903,336
Adjustment to tax charge in respect of prior periods	42,436	(25,080)
Effect of expenses not deductible for tax purposes	397,705	(45,044)
Effect of capital allowances and depreciation	(152,847)	(10,249)
Effect of different UK tax rates on some earnings	403,178	161,391
R&D enhanced deduction	–	21,149
Additional relief through super deduction	(128,898)	(429,644)
Tax on loss	<u>2,282,305</u>	<u>575,859</u>

14. INTANGIBLE ASSETS

Group	Goodwill £
Cost	
At 1 July 2022 and 30 June 2023	<u>15,065,696</u>
Amortisation	
At 1 July 2022	243,069
Charge for the year	836,983
At 30 June 2023	<u>1,080,052</u>
Carrying amount	
At 30 June 2023	<u>13,985,644</u>
At 30 June 2022	<u>14,822,627</u>

The company has no intangible assets.

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

15. TANGIBLE ASSETS

Group	Freehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Other tangibles £	Total £
Cost						
At 1 Jul 2022	4,010,844	27,031,346	2,790,416	7,336,067	2,565,167	43,733,840
Additions	1,114,520	4,865,703	397,933	3,961,920	–	10,340,076
Disposals	–	(1,960,969)	(78,486)	(282,593)	–	(2,322,048)
At 30 Jun 2023	<u>5,125,364</u>	<u>29,936,080</u>	<u>3,109,863</u>	<u>11,015,394</u>	<u>2,565,167</u>	<u>51,751,868</u>
Depreciation						
At 1 Jul 2022	790,914	13,245,035	1,045,299	2,007,357	2,537,859	19,626,464
Charge for the year	123,034	3,932,481	348,347	1,009,493	21,610	5,434,965
Disposals	–	(1,276,354)	(38,114)	(151,198)	–	(1,465,666)
At 30 Jun 2023	<u>913,948</u>	<u>15,901,162</u>	<u>1,355,532</u>	<u>2,865,652</u>	<u>2,559,469</u>	<u>23,595,763</u>
Carrying amount						
At 30 Jun 2023	<u>4,211,416</u>	<u>14,034,918</u>	<u>1,754,331</u>	<u>8,149,742</u>	<u>5,698</u>	<u>28,156,105</u>
At 30 Jun 2022	<u>3,219,930</u>	<u>13,786,311</u>	<u>1,745,117</u>	<u>5,328,710</u>	<u>27,308</u>	<u>24,107,376</u>

The company has no tangible assets.

Finance leases and hire purchase contracts

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

Group	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
At 30 June 2023	<u>7,729,948</u>	<u>894,091</u>	<u>5,780,139</u>	<u>14,404,178</u>
At 30 June 2022	<u>4,976,249</u>	<u>579,870</u>	<u>3,672,996</u>	<u>9,229,115</u>

16. INVESTMENTS

Group	Shares in group undertakings £
Cost	
At 1 July 2022	216,991
Revaluations	77,505
At 30 June 2023	<u>294,496</u>
Impairment	
At 1 July 2022 and 30 June 2023	<u>–</u>

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

16. INVESTMENTS *(continued)*

Group	Shares in group undertakings £		
Carrying amount			
At 30 June 2023			294,496
At 30 June 2022			216,991
Company	Shares in group undertakings £	Shares in participating interests £	Total £
Cost			
At 1 July 2022 and 30 June 2023	21,382,107	676,208	22,058,315
Impairment			
At 1 July 2022 and 30 June 2023	—	—	—
Carrying amount			
At 1 July 2022 and 30 June 2023	21,382,107	676,208	22,058,315
At 30 June 2022	21,382,107	676,208	22,058,315

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

The company acquired 100% of the share capital of Resources Management U.K Limited on 15 March 2022. Goodwill arising on the acquisition has been capitalised and will be amortised over its estimated life of 17 years.

Subsidiaries, associates and other investments

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

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

16. INVESTMENTS *(continued)*

	Class of share	Percentage of shares held
Atlantic Composting Limited (Dormant)	Ordinary	100
Dauson Holdings UK Limited (Dormant)	Ordinary	100
Neal Recycling Limited (Dormant)	Ordinary	100
Atlantic Waste Management Limited (Investment)	Ordinary	100
Resources Management U.K Limited	Ordinary	100

Other significant holdings

Envirosavers Limited (Clearance of hazardous waste)	Ordinary	30
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All of the above group undertakings are included in the consolidated accounts of Dauson Environmental Group Limited.

All of the above group undertakings have a year end of 30 June 2023, except for Envirosavers Limited which has a year end of 31 January 2023.

17. STOCKS

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Stock	<u>2,636,542</u>	<u>3,184,582</u>	<u>—</u>	<u>—</u>

18. DEBTORS

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	11,858,587	8,366,280	—	—
Amounts owed by group undertakings	—	—	728,728	728,728
Amounts owed by customers on construction contracts	507,618	702,180	—	—
Prepayments and accrued income	976,273	828,556	—	—
Corporation tax repayable	43,460	27,832	—	—
Other debtors	614,421	505,709	—	—
	<u>14,000,359</u>	<u>10,430,557</u>	<u>728,728</u>	<u>728,728</u>

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

Trade debtors of £2,0182,101 (2022- £2,090,409) are pledged as security for the group trade finance agreements.

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

19. CREDITORS: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	647,657	652,547	–	50,525
Trade creditors	4,953,977	3,959,241	–	–
Amounts owed to group undertakings	–	–	14,139,782	10,356,503
Amounts owed to undertakings in which the company has a participating interest	254,283	91,932	–	–
Accruals and deferred income	2,528,033	3,171,350	6,449	6,449
Social security and other taxes	590,083	863,884	–	–
Obligations under finance leases and hire purchase contracts	6,638,988	4,383,701	–	–
Other creditors	6,458,989	6,865,408	3,427,608	3,164,275
	<u>22,072,010</u>	<u>19,988,063</u>	<u>17,573,839</u>	<u>13,577,752</u>

The balance included in other creditors for trade finance agreements of £2,182,101 (2022 £2,090,409) is secured upon the book debts of the group.

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

	2023	2022
	£	£
Hire purchase and finance lease agreements	<u>6,638,988</u>	<u>4,383,701</u>

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

20. CREDITORS: amounts falling due after more than one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	1,705,952	1,940,185	–	–
Obligations under finance leases and hire purchase contracts	2,888,824	2,285,490	–	–
Other creditors	6,474,297	9,751,934	6,474,297	9,751,934
	<u>11,069,073</u>	<u>13,977,609</u>	<u>6,474,297</u>	<u>9,751,934</u>

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

	2022	2021
	£	£
Hire purchase and finance lease agreements	<u>2,888,824</u>	<u>2,285,490</u>

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

21. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	6,694,151	4,571,324	–	–
Later than 1 year and not later than 5 years	3,147,853	2,485,085	–	–
	<u>9,842,004</u>	<u>7,056,409</u>	<u>–</u>	<u>–</u>
Less: future finance charges	(314,192)	(387,217)	–	–
	<u>9,527,812</u>	<u>6,669,192</u>	<u>–</u>	<u>–</u>
Present value of minimum lease payments				

22. PROVISIONS

Group				
	Deferred tax	Landfill	Other	Total
	(note 23)	closure	provision	
	£	£	£	£
At 1 July 2022	1,473,123	2,572,147	–	4,045,270
Additions	2,280,715	566,074	330,098	3,176,887
At 30 June 2023	<u>3,753,838</u>	<u>3,138,221</u>	<u>330,098</u>	<u>7,222,157</u>

The company does not have any provisions.

23. DEFERRED TAX

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Included in provisions (note 22)	<u>3,753,838</u>	<u>1,473,123</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	<u>3,753,838</u>	<u>1,473,123</u>	<u>–</u>	<u>–</u>

24. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £92,928 (2022: £78,573).

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

25. GOVERNMENT GRANTS

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>134,560</u>	<u>172,348</u>	<u>—</u>	<u>—</u>

26. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,007,221</u>	<u>1,007,221</u>	<u>1,007,221</u>	<u>1,007,221</u>

27. RESERVES

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

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

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

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2022	Cash flows	At 30 Jun 2023
	£	£	£
Cash at bank and in hand	1,731,205	87,954	1,819,159
Debt due within one year	(5,128,180)	(2,412,748)	(7,540,928)
Debt due after one year	(4,225,675)	(369,101)	(4,594,776)
	<u>(7,622,650)</u>	<u>(2,693,895)</u>	<u>(10,316,545)</u>

29. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Tangible assets	<u>983,000</u>	<u>404,000</u>	<u>—</u>	<u>—</u>

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

30. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	128,602	238,712	–	–
Later than 1 year and not later than 5 years	4,917	116,120	–	–
	<u>133,519</u>	<u>354,832</u>	<u>–</u>	<u>–</u>

31. CONTINGENCIES

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

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

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

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

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

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

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

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

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

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

The directors are confident no liabilities will arise from these.

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

DAUSON ENVIRONMENTAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2023

32. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The balance is interest free and repayable on demand.

33. RELATED PARTY TRANSACTIONS

Group

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

Included within rent is £99,000 (2022 - £99,000) invoiced to close family members of Mr D J Neal. Also included within rent is £10,380 (2022 - £10,830) invoiced to a company owned by a close family member of Mr D J Neal.

Included within other creditors is £5,849 (2022 - £5,859) due to Mr L Neal - a close family member of Mr D J Neal.

Included within trade creditors is £10,830 (2022 - £10,830) due to a company owned by a close family member of Mr D J Neal.

During the year, the group made purchases of £375,383 (2022 - £321,045) from Envirosavers Limited. At the year end, the group owed £254,282 (2022 - £91,514) to Envirosavers Limited. Envirosavers Limited is an associate.

Company

During the year, the company received dividends totalling £22,500 (2022 - £22,500) from Envirosavers Limited.

34. CONTROLLING PARTY

The ultimate controlling party is Mr D J Neal.