

Darlow Lloyd Holdings Limited
Group Strategic Report, Report of the Directors and
Audited Consolidated Financial Statements for the Year Ended 30 June 2017

Radnor House
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8AA

THURSDAY



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29/03/2018

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COMPANIES HOUSE

Registered to carry on audit work
and regulated for a range of
investment business activities by
the Institute of Chartered
Accountants in England and Wales.

bpu Chartered Accountants is a
trading name of BPU Ltd
Company Number 3723948
Registered in Wales

A list of directors is available from the
registered office above

Darlow Lloyd Holdings Limited

**Company Information
for the Year Ended 30 June 2017**

DIRECTORS:

R D Lloyd
Rhys D Lloyd
O S Lloyd
J Lloyd

REGISTERED OFFICE:

Corneldu Mawr Farm
Heol-y-Cyw
Bridgend
Mid Glamorgan
CF35 6HL

REGISTERED NUMBER:

08536843 (England and Wales)

AUDITORS:

BPU Limited
Chartered Accountants
Statutory Auditor
Radnor House
Greenwood Close
Cardiff Gate Business Park
Cardiff
CF23 8AA

REVIEW OF BUSINESS

Darlow Lloyd Holdings Limited

The company is a holding company for the shares of its subsidiaries. It does not trade.

A review of the subsidiary companies follows:

Darlow Lloyd & Sons Limited

The results for the financial year and financial position are shown in the annexed financial statements. The company has experienced a decline in revenue for the year ended 30th June 2017, turnover has decreased from £10.61m to £9.71m representing a decrease of £900k (9%).

Gross margins have decreased during the financial year from 14% to 12% as a result of the decrease in turnover within the year.

Although the current economic climate continues to present challenges, the directors look to the future with confidence as the sectors in which the company operates show significant potential for growth in particular within the area of recycling of steel industry waste. The directors continue to recognise the importance of investing for the future and continue to invest significantly in the research and development of bespoke systems for recycling activities, specifically within the steel industry and anticipate that this work will result in a significant increase in the company's revenues and profitability for future financial periods.

The directors are also determined to continue to work closely with customers to ensure that deadlines are met or bettered, budgets are achieved and value for money provided in achieving cost savings while continuing to develop its expertise in the landfill and recycling sectors.

Darlow Lloyd (Construction) Limited

The company operates in the construction sector and also carries out maintenance civil and building activities for a core customer within the steel industry. The company's other main revenue streams derive from school improvement/development projects as a sub-contractor to nationwide main-contractor clients in the South Wales area.

Following a difficult 2016 financial year end, the directors are very pleased with the turnaround of the business in the financial year to June 2017, returning to profit, having executed its plan to focus on a smaller number of local projects and with a sufficient and highly trained workforce.

The directors remain confident that the business has a more flexible and efficient model and look forward to continued profitability into future years.

Darlow Lloyd Group Limited

The directors continue to recognise the importance of investing for the future and continue to develop bespoke systems for recycling activity, specifically within the steel industry. These systems have enabled the Group to move into new geographical markets and the hope is that following completion of this first contract the company will obtain further overseas contracts for bespoke recycling systems. The company continues to supply parts and consumables to its overseas customers.

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Group Strategic Report
for the Year Ended 30 June 2017**

Darlow Lloyd Plant Limited

The company operates in the plant hire sector, providing equipment for hire to other entities within the Group. The entity is in its third year of trading having acquired some of the assets held previously by a fellow Group Company and has continued to make further Capital investments during the year and into the next financial year.

THIS REPORT WAS APPROVED BY THE BOARD:



.....
O S Lloyd - Director

Date: 28.3.18
.....

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Report of the Directors
for the Year Ended 30 June 2017**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2017.

DIVIDENDS

The total distribution of dividends for the year ended 30 June 2017 will be £93,335.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

R D Lloyd
Rhys D Lloyd
O S Lloyd
J Lloyd

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, 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.

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Report of the Directors
for the Year Ended 30 June 2017**

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

THIS REPORT WAS APPROVED BY THE BOARD:



.....
O S Lloyd - Director

Date: 28 3 18

Report of the Independent Auditors to the Members of Darlow Lloyd Holdings Limited

Opinion

We have audited the financial statements of Darlow Lloyd Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 on pages nine to thirty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 June 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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Report of the Independent Auditors to the Members of Darlow Lloyd Holdings Limited



Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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; and
- the Group Strategic Report and the Report of the Directors 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 Group Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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**Report of the Independent Auditors to the Members of
Darlow Lloyd Holdings Limited**

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

N Toye

Nicholas Matthew Toye FCA (Senior Statutory Auditor)
for and on behalf of BPU Limited
Chartered Accountants
Statutory Auditor

Date: 29/3/18

bpu
Chartered
Accountants

Radnor House
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8AA

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Consolidated Profit & Loss Account
for the Year Ended 30 June 2017**

| | Notes | 2017 £ | 2016 £ |
|--|-------|---------------------|--------------|
| TURNOVER | | 16,579,697 | 16,849,075 |
| Cost of sales | | (14,193,969) | (14,665,949) |
| GROSS PROFIT | | 2,385,728 | 2,183,126 |
| Administrative expenses | | (1,659,039) | (1,950,051) |
| | | 726,689 | 233,075 |
| Other operating income | | 10,777 | 26,988 |
| OPERATING PROFIT | 4 | 737,466 | 260,063 |
| Interest receivable & similar income | | 401 | 37 |
| | | 737,867 | 260,100 |
| Interest payable and similar expenses | 5 | (102,894) | (137,935) |
| PROFIT BEFORE TAXATION | | 634,973 | 122,165 |
| Tax on profit | 6 | (76,803) | 76,001 |
| PROFIT FOR THE FINANCIAL YEAR | | 558,170 | 198,166 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 558,170 | 198,166 |
| Profit attributable to: | | | |
| Owners of the parent | | 487,823 | 304,026 |
| Non-controlling interests | | 70,347 | (105,860) |
| | | 558,170 | 198,166 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 487,823 | 304,026 |
| Non-controlling interests | | 70,347 | (105,860) |
| | | 558,170 | 198,166 |

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Consolidated Balance Sheet
30 June 2017**

| | | 2017 | | 2016 | |
|--|-------|------------------|--------------------|-------------|-------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Intangible assets | 9 | | 41,873 | | 26,668 |
| Tangible assets | 10 | | 6,887,970 | | 6,254,222 |
| Investments | 11 | | | | |
| Interest in joint venture | | | 1 | | - |
| | | | 6,929,844 | | 6,280,890 |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 152,745 | | 135,809 | |
| Debtors | 13 | 5,973,492 | | 5,100,278 | |
| Cash at bank and in hand | | 99,927 | | 190,872 | |
| | | 6,226,164 | | 5,426,959 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 14 | 5,902,830 | | 5,259,406 | |
| NET CURRENT ASSETS | | | 323,334 | | 167,553 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 7,253,178 | | 6,448,443 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 15 | | (2,657,692) | | (2,393,792) |
| PROVISIONS FOR LIABILITIES | 19 | | (367,000) | | (291,000) |
| NET ASSETS | | | 4,228,486 | | 3,763,651 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 20 | | 1,000 | | 1,000 |
| Retained earnings | 21 | | 3,701,193 | | 3,306,705 |
| SHAREHOLDERS' FUNDS | | | 3,702,193 | | 3,307,705 |
| NON-CONTROLLING INTERESTS | 22 | | 526,293 | | 455,946 |
| TOTAL EQUITY | | | 4,228,486 | | 3,763,651 |

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

Consolidated Balance Sheet - continued
30 June 2017

The financial statements were approved by the Board of Directors on 28 3 18 and
were signed on its behalf by:



.....
O S Lloyd - Director

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

Company Balance Sheet
30 June 2017

| | | 2017 | 2016 |
|--|-------|----------------|----------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 9 | - | - |
| Tangible assets | 10 | - | - |
| Investments | 11 | <u>2,000</u> | <u>2,000</u> |
| | | <u>2,000</u> | <u>2,000</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 186 | 103 |
| Cash at bank | | <u>814</u> | <u>897</u> |
| | | <u>1,000</u> | <u>1,000</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | <u>2,000</u> | <u>2,000</u> |
| NET CURRENT LIABILITIES | | <u>(1,000)</u> | <u>(1,000)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,000</u> | <u>1,000</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 20 | <u>1,000</u> | <u>1,000</u> |
| SHAREHOLDERS' FUNDS | | <u>1,000</u> | <u>1,000</u> |
| Company's profit for the financial year | | <u>83,335</u> | <u>83,335</u> |

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

Company Balance Sheet - continued
30 June 2017

The financial statements were approved by the Board of Directors on 28.3.18 and
were signed on its behalf by:



.....
O S Lloyd - Director

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2017**

| | Called up share capital £ | Retained earnings £ | Total £ | Non-controlling interests £ | Total equity £ |
|--------------------------------|--|------------------------------------|-------------------------|--|-------------------------------|
| Balance at 1 July 2015 | 1,000 | 3,246,015 | 3,247,015 | 561,806 | 3,808,821 |
| Changes in equity | | | | | |
| Dividends | - | (243,336) | (243,336) | - | (243,336) |
| Total comprehensive income | - | 304,026 | 304,026 | (105,860) | 198,166 |
| Balance at 30 June 2016 | <u>1,000</u> | <u>3,306,705</u> | <u>3,307,705</u> | <u>455,946</u> | <u>3,763,651</u> |
| Changes in equity | | | | | |
| Dividends | - | (93,335) | (93,335) | - | (93,335) |
| Total comprehensive income | - | 487,823 | 487,823 | 70,347 | 558,170 |
| Balance at 30 June 2017 | <u><u>1,000</u></u> | <u><u>3,701,193</u></u> | <u><u>3,702,193</u></u> | <u><u>526,293</u></u> | <u><u>4,228,486</u></u> |

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Company Statement of Changes in Equity
for the Year Ended 30 June 2017**

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|--------------------------------|--|------------------------------------|-------------------------------|
| Changes in equity | | | |
| Issue of share capital | 1,000 | - | 1,000 |
| Dividends | - | (83,335) | (83,335) |
| Total comprehensive income | - | 83,335 | 83,335 |
| Balance at 30 June 2016 | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Changes in equity | | | |
| Dividends | - | (83,335) | (83,335) |
| Total comprehensive income | - | 83,335 | 83,335 |
| Balance at 30 June 2017 | <u>1,000</u> | <u>-</u> | <u>1,000</u> |

The notes form part of these financial statements

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Consolidated Cash Flow Statement
for the Year Ended 30 June 2017**

| | Notes | 2017 £ | 2016 £ |
|---|-------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 593,195 | 1,628,538 |
| Interest paid | | (15,976) | (30,998) |
| Interest element of hire purchase payments paid | | (86,918) | (106,937) |
| Tax paid | | 30,051 | 13,349 |
| Net cash from operating activities | | 520,352 | 1,503,952 |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (24,346) | (20,965) |
| Purchase of tangible fixed assets | | (1,706,231) | (863,155) |
| Purchase of fixed asset investments | | (1) | - |
| Sale of tangible fixed assets | | 299,851 | 168,973 |
| Interest received | | 401 | 37 |
| Net cash from investing activities | | (1,430,326) | (715,110) |
| Cash flows from financing activities | | | |
| New loans in year | | 2,080,219 | 498,368 |
| Capital repayments in year | | (1,064,243) | (912,493) |
| Equity dividends paid | | (93,335) | (243,336) |
| Net cash from financing activities | | 922,641 | (657,461) |
| Increase in cash and cash equivalents | | 12,667 | 131,381 |
| Cash and cash equivalents at beginning of year | 2 | (18,196) | (149,577) |
| Cash and cash equivalents at end of year | 2 | (5,529) | (18,196) |

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 June 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Profit before taxation | 634,973 | 122,165 |
| Depreciation charges | 910,673 | 867,033 |
| Profit on disposal of fixed assets | (114,152) | (86,122) |
| Finance costs | 102,894 | 137,935 |
| Finance income | (401) | (37) |
| | <u>1,533,987</u> | <u>1,040,974</u> |
| Increase in stocks | (16,936) | (11,553) |
| (Increase)/decrease in trade and other debtors | (862,351) | 1,801,496 |
| Decrease in trade and other creditors | (61,505) | (1,202,379) |
| | <u>593,195</u> | <u>1,628,538</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2017

| | 30/6/17 £ | 1/7/16 £ |
|---------------------------|----------------|-----------------|
| Cash and cash equivalents | 99,927 | 190,872 |
| Bank overdrafts | (105,456) | (209,068) |
| | <u>(5,529)</u> | <u>(18,196)</u> |

Year ended 30 June 2016

| | 30/6/16 £ | 1/7/15 £ |
|---------------------------|-----------------|------------------|
| Cash and cash equivalents | 190,872 | 81,287 |
| Bank overdrafts | (209,068) | (230,864) |
| | <u>(18,196)</u> | <u>(149,577)</u> |

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 30 June 2017**

1. STATUTORY INFORMATION

Darlow Lloyd Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts of Darlow Lloyd Holdings Limited and all of its subsidiary undertakings drawn up to 30 June 2017.

Turnover

Turnover comprises revenue in respect of landfill management, plant hire and construction activities, net of value added tax and trade discounts. The group recognises revenue in accordance with the terms of client agreements and this is dependent on the stage of completion of the service. Turnover is stated gross of any applicable withholding tax.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

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

| | |
|---------------------|---|
| Freehold property | - 2% straight line |
| Plant and machinery | - 20% straight line, 20% straight line with 10% residual val, 10% straight line less residual value and Straight line over 15 years |
| Fixtures & fittings | - 33% straight line |
| Motor vehicles | - 20% straight line, 33% straight line, 25% straight line and at varying rates on cost |
| Computer equipment | - 33% straight line and 25% straight line |

Stocks

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

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit & Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

Pension costs

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

Investments

Investments in subsidiary & joint venture undertakings are stated at cost less any provisions for impairment in value.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

Long term contracts

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

3. EMPLOYEES AND DIRECTORS

| | 2017 | 2016 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 5,521,870 | 6,270,195 |
| Social security costs | 545,736 | 605,650 |
| Other pension costs | 114,799 | 114,639 |
| | <u>6,182,405</u> | <u>6,990,484</u> |

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

| | 2017 | 2016 |
|----------------|-------------------|-------------------|
| Operations | 119 | 141 |
| Administration | 99 | 81 |
| | <u>218</u> | <u>222</u> |

| | 2017 | 2016 |
|-------------------------|-----------------------|-----------------------|
| | £ | £ |
| Directors' remuneration | <u>411,494</u> | <u>360,845</u> |

Information regarding the highest paid director is as follows:

| | 2017 | 2016 |
|----------------|----------------------|----------------------|
| | £ | £ |
| Emoluments etc | <u>88,969</u> | <u>76,372</u> |

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017

4. OPERATING PROFIT

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

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Depreciation - owned assets | 397,986 | 392,902 |
| Depreciation - assets on hire purchase contracts | 488,798 | 469,283 |
| Profit on disposal of fixed assets | (114,152) | (86,122) |
| Patents and licences amortisation | 9,141 | 4,497 |
| Audit fees | 17,421 | 19,700 |
| Other non- audit services | 10,926 | 6,081 |
| Foreign exchange differences | 1,383 | - |
| Hire of equipment | 1,351,623 | 1,300,446 |

5. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2017 £ | 2016 £ |
|---------------|-----------|-----------|
| Bank interest | 15,976 | 30,998 |
| Hire purchase | 86,918 | 106,937 |
| | 102,894 | 137,935 |

6. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

| | 2017 £ | 2016 £ |
|--------------------|-----------|-----------|
| Current tax: | | |
| UK corporation tax | 803 | (147,501) |
| Deferred tax | 76,000 | 71,500 |
| Tax on profit | 76,803 | (76,001) |

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

6. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

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

| | 2017 £ | 2016 £ |
|--|----------------|-----------------|
| Profit before tax | <u>634,973</u> | <u>122,165</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19.750% (2016 - 20%) | 125,407 | 24,433 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,402 | 1,479 |
| Capital allowances in excess of depreciation | (67,439) | (87,257) |
| Adjustments to tax charge in respect of previous periods prior to change during the company rate jurisdictions | 16,347 | - |
| Tax losses carried forward periods | - | 69,220 |
| Refunds in respect of R&D claims | (79,455) | (75,516) |
| Group relief | - | (81,420) |
| Deferred tax movement | 76,000 | 71,500 |
| Effect of transition to FRS 102 on profit | 1,541 | 1,560 |
| Total tax charge/(credit) | <u>76,803</u> | <u>(76,001)</u> |

7. INDIVIDUAL PROFIT & LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit & Loss Account of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

| | 2017 £ | 2016 £ |
|----------------------------|---------------|----------------|
| Ordinary shares of £1 each | | |
| Paid | <u>93,335</u> | <u>243,336</u> |

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017

9. INTANGIBLE FIXED ASSETS

Group

| | Patents and licences £ |
|-----------------------|---------------------------------|
| COST | |
| At 1 July 2016 | 33,715 |
| Additions | 24,346 |
| At 30 June 2017 | 58,061 |
| AMORTISATION | |
| At 1 July 2016 | 7,047 |
| Amortisation for year | 9,141 |
| At 30 June 2017 | 16,188 |
| NET BOOK VALUE | |
| At 30 June 2017 | 41,873 |
| At 30 June 2016 | 26,668 |

10. TANGIBLE FIXED ASSETS

Group

| | Freehold property £ | Short leasehold £ | Plant and machinery £ |
|------------------------|---------------------------|-------------------------|-----------------------------|
| COST | | | |
| At 1 July 2016 | 390,242 | 20,925 | 10,964,790 |
| Additions | - | - | 1,496,275 |
| Disposals | - | - | (189,433) |
| At 30 June 2017 | 390,242 | 20,925 | 12,271,632 |
| DEPRECIATION | | | |
| At 1 July 2016 | 27,322 | 20,925 | 5,552,917 |
| Charge for year | 7,805 | - | 718,446 |
| Eliminated on disposal | - | - | (64,263) |
| At 30 June 2017 | 35,127 | 20,925 | 6,207,100 |
| NET BOOK VALUE | | | |
| At 30 June 2017 | 355,115 | - | 6,064,532 |
| At 30 June 2016 | 362,920 | - | 5,411,873 |

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017

10. TANGIBLE FIXED ASSETS - continued

Group

| | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|------------------------|----------------------------------|------------------------|----------------------------|-------------|
| COST | | | | |
| At 1 July 2016 | 68,670 | 1,092,553 | 240,874 | 12,778,054 |
| Additions | 698 | 198,332 | 10,926 | 1,706,231 |
| Disposals | - | (140,214) | - | (329,647) |
| At 30 June 2017 | 69,368 | 1,150,671 | 251,800 | 14,154,638 |
| DEPRECIATION | | | | |
| At 1 July 2016 | 50,947 | 669,352 | 202,369 | 6,523,832 |
| Charge for year | 13,030 | 129,887 | 17,616 | 886,784 |
| Eliminated on disposal | - | (79,685) | - | (143,948) |
| At 30 June 2017 | 63,977 | 719,554 | 219,985 | 7,266,668 |
| NET BOOK VALUE | | | | |
| At 30 June 2017 | 5,391 | 431,117 | 31,815 | 6,887,970 |
| At 30 June 2016 | 17,723 | 423,201 | 38,505 | 6,254,222 |

The net book value of tangible fixed assets includes £4,516,772 (2016 - £3,820,141) in respect of assets held under hire purchase contracts.

One of the properties is used by a group company and has therefore been reclassified as a fixed asset within the consolidated accounts.

11. FIXED ASSET INVESTMENTS

Group

| | Interest in joint venture £ |
|-----------------------|--------------------------------------|
| COST | |
| Additions | 1 |
| At 30 June 2017 | 1 |
| NET BOOK VALUE | |
| At 30 June 2017 | 1 |

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

11. FIXED ASSET INVESTMENTS - continued

Company

**Shares in
group
undertakings
£**

COST

At 1 July 2016
and 30 June 2017

2,000

NET BOOK VALUE

At 30 June 2017

2,000

At 30 June 2016

2,000

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

Subsidiaries

Darlow Lloyd Group Limited

Registered office: Corneldu Mawr Farm, Heol-y-Cyw, Bridgend, Mid-Glamorgan, CF35 6HL

Nature of business: Sale of industrial waste management plant

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

| | | |
|--------------------------------|----------------|---------------|
| | 2017 | 2016 |
| | £ | £ |
| Aggregate capital and reserves | 119,183 | 97,488 |
| Profit for the year | 84,197 | 84,819 |

Darlow Lloyd Plant Limited

Registered office: Corneldu Mawr Farm, Heol-y-Cyw, Bridgend, Mid Glamorgan, CF35 6HL

Nature of business: Plant hire

| | |
|------------------|---------|
| | % |
| Class of shares: | holding |
| Ordinary | 100.00 |

| | | |
|--------------------------------|------------------|----------------|
| | 2017 | 2016 |
| | £ | £ |
| Aggregate capital and reserves | 1,168,498 | 746,045 |
| Profit for the year | 443,287 | 341,980 |

Darlow Lloyd Holdings Limited (Registered number: 08536843)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

11. FIXED ASSET INVESTMENTS - continued

Darlow Lloyd & Sons Limited

Registered office: Corneldu Mawr Farm, Heol-yCyw, Bridgend, Mid Glamorgan, CF35 6HL

Nature of business: Industrial waste management

| | | | |
|--------------------------------|--------------|------------------|-----------|
| Class of shares: | % holding | 2017 | 2016 |
| Ordinary | 100.00 | £ | £ |
| Aggregate capital and reserves | | 1,679,385 | 1,826,761 |
| Loss for the year | | (84,874) | (127,153) |

Darlow Lloyd (Construction) Limited

Registered office: Corneldu Mawr Farm, Heol-yCyw, Bridgend, Mid Glamorgan, CF35 6HL

Nature of business: Construction & civil engineering

| | | | |
|--------------------------------|--------------|------------------|-----------|
| Class of shares: | % holding | 2017 | 2016 |
| Ordinary | 60.00 | £ | £ |
| Aggregate capital and reserves | | 1,315,734 | 1,139,866 |
| Profit/(loss) for the year | | 200,868 | (264,649) |

Joint venture

Lloyd Walters Industrial Services Limited

Registered office: Corneldu Mawr Farm, Heol-yCyw, Bridgend, Mid Glamorgan, CF35 6HL

Nature of business: Industrial services

| | |
|------------------|--------------|
| Class of shares: | % holding |
| Ordinary | 50.00 |

12. STOCKS

| | | |
|---------------|----------------|-------------|
| | Group | |
| | 2017 | 2016 |
| | £ | £ |
| Raw materials | 152,745 | 135,809 |

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---------------------------------|------------------|------------------|----------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Trade debtors | 2,420,317 | 2,590,010 | - | - |
| Amounts owed by joint ventures | 109,669 | - | - | - |
| Amounts recoverable on contract | 1,837,427 | 1,375,289 | - | - |
| Other debtors & prepayments | 1,606,079 | 1,134,979 | 186 | 103 |
| | <u>5,973,492</u> | <u>5,100,278</u> | <u>186</u> | <u>103</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|------------------|------------------|----------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 16) | 124,581 | 227,395 | - | - |
| Other loans (see note 16) | 205,043 | 142,011 | - | - |
| Hire purchase contracts (see note 17) | 1,427,269 | 848,944 | - | - |
| Trade creditors | 1,674,037 | 1,713,264 | - | - |
| Corporation tax | 56,465 | - | - | - |
| Social security & other taxes | 575,473 | 362,200 | - | - |
| Other creditors | 1,304,448 | 1,490,599 | 2,000 | 2,000 |
| Accruals & deferred income | 535,514 | 474,993 | - | - |
| | <u>5,902,830</u> | <u>5,259,406</u> | <u>2,000</u> | <u>2,000</u> |

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | |
|---------------------------------------|------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Bank loans (see note 16) | 94,919 | 114,050 |
| Other loans (see note 16) | 225,745 | 162,056 |
| Hire purchase contracts (see note 17) | 2,074,434 | 1,745,171 |
| Directors loan accounts | 262,594 | 372,515 |
| | <u>2,657,692</u> | <u>2,393,792</u> |

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017

16. LOANS

An analysis of the maturity of loans is given below:

| | Group | |
|---|----------------|----------------|
| | 2017 £ | 2016 £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | 105,456 | 209,068 |
| Bank loans | 19,125 | 18,327 |
| Other loans | 205,043 | 142,011 |
| | <u>329,624</u> | <u>369,406</u> |
| Amounts falling due between one and two years: | | |
| Bank loans - 1-2 years | 19,957 | 19,125 |
| Other loans - 1-2 years | 71,398 | 162,056 |
| | <u>91,355</u> | <u>181,181</u> |
| Amounts falling due between two and five years: | | |
| Bank loans - 2-5 years | 42,560 | 62,517 |
| Other loans - 2-5 years | 154,347 | - |
| | <u>196,907</u> | <u>62,517</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans more 5 yr by instal | 32,402 | 32,408 |
| | <u>32,402</u> | <u>32,408</u> |

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

| | Hire purchase contracts | |
|----------------------------|-------------------------|------------------|
| | 2017 £ | 2016 £ |
| Net obligations repayable: | | |
| Within one year | 1,427,269 | 848,944 |
| Between one and five years | 2,074,434 | 1,745,171 |
| | <u>3,501,703</u> | <u>2,594,115</u> |

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017

18. SECURED DEBTS

The following secured debts are included within creditors:

| | Group | |
|-------------------------|------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Bank overdrafts | 105,456 | 209,068 |
| Bank loans | 114,044 | 132,377 |
| Hire purchase contracts | 3,501,703 | 2,594,115 |
| | <u>3,721,203</u> | <u>2,935,560</u> |

19. PROVISIONS FOR LIABILITIES

| | Group | |
|--------------|----------------|----------------|
| | 2017 | 2016 |
| | £ | £ |
| Deferred tax | <u>367,000</u> | <u>291,000</u> |

Group

| | Deferred tax £ |
|---|-------------------|
| Balance at 1 July 2016 | 291,000 |
| Credit to Profit & Loss Account during year | 76,000 |
| Balance at 30 June 2017 | <u>367,000</u> |

20. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | Nominal value: | 2017 | 2016 |
|----------------------------------|----------|-------------------|--------------|--------------|
| Number: | Class: | | £ | £ |
| 1,000 | Ordinary | £1 | <u>1,000</u> | <u>1,000</u> |

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2017**

21. RESERVES

Group

| | Retained earnings £ |
|---------------------|---------------------------|
| At 1 July 2016 | 3,306,705 |
| Profit for the year | 487,823 |
| Dividends | (93,335) |
| | <u>3,701,193</u> |
| At 30 June 2017 | <u>3,701,193</u> |

Company

| | Retained earnings £ |
|---------------------|---------------------------|
| Profit for the year | 83,335 |
| Dividends | (83,335) |
| | <u>-</u> |
| At 30 June 2017 | <u>-</u> |

22. NON-CONTROLLING INTERESTS

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Minority interest balance brought forward | 455,946 | 561,806 |
| Minority interest share of profit | 70,347 | (105,860) |
| | <u>526,293</u> | <u>455,946</u> |
| Balance due to minority interest at year end | <u>526,293</u> | <u>455,946</u> |

23. RELATED PARTY DISCLOSURES

a) Related parties

i) Common control:

Darlow Lloyd & Sons Pension Scheme
Darlow Lloyd Construction Pension Scheme
AROC Developments Limited
Lloyd Walters Industrial Services Limited

b) Loans to / (from) related parties

| | Received in year £ | Paid in year £ | Debtor / (Creditor) at year end £ |
|---|--------------------------|----------------------|--|
| 2017 | | | |
| Darlow Lloyd & Sons Pension Scheme | (300,000) | 173,279 | (430,788) |
| AROC Developments Limited | - | 212,767 | 851,608 |
| Lloyd Walters Industrial Services Limited | | 109,669 | 109,669 |
| | | | |
| 2016 | | | |
| Darlow Lloyd & Sons Pension Scheme | - | 135,098 | (304,067) |
| AROC Developments Limited | - | 223,386 | 638,841 |

c) Sales of assets, goods and services to related parties

| | Net value of supply in year £ | Balance owed at year end £ |
|----------------|--|-------------------------------------|
| 2017 | | |
| Common control | - | - |
| | | |
| 2016 | | |
| Common control | - | - |