

REGISTERED NUMBER: SC280783 (Scotland)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018
FOR
DOW GROUP LIMITED
PREVIOUSLY KNOWN AS
DOW WASTE MANAGEMENT LIMITED**

William Duncan (UK) Limited
Chartered Accountants
Statutory Auditor
4d Auchingramont Road
Hamilton
ML3 6JT

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

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FOR THE YEAR ENDED 30 NOVEMBER 2018

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DOW GROUP LIMITED
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2018

DIRECTORS:

Sheila P. Baxter
W. Marshall Dow

REGISTERED OFFICE:

23 Lenziemill Road
Lenziemill Industrial Estate
Cumbernauld
G67 2RL

REGISTERED NUMBER:

SC280783 (Scotland)

AUDITORS:

William Duncan (UK) Limited
Chartered Accountants
Statutory Auditor
4d Auchingramont Road
Hamilton
ML3 6JT

BANKERS:

Bank of Scotland
Town Centre
Cumbernauld
G67 1DQ

SOLICITORS:

Addleshaw Goddard LLP
19 Canning Street
Edinburgh
EH3 8EH

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2018

The directors present their strategic report for the year ended 30 November 2018.

REVIEW OF BUSINESS

Results and performance

The results for the year and the financial position of the company are as shown in the annexed financial statements. The company provides waste recycling and waste management services, construction services, civil engineering services, tipper hire and aggregate recycling services to customers throughout Scotland. The business has continued to invest and grow over the last year whilst maintaining its existing customer base and generating new business from new customers.

Business environment

The business is based in Cumbernauld and works on sites throughout Scotland. The company now has over 70 employees and continues to employ additional staff through agencies and subcontractors.

Our culture

We have continued to build a culture and environment which attracts and retains people with the right capabilities for the future, with ongoing training and improved working conditions. We have supported community projects, youth football teams and small sports groups throughout the year. We have continued to renew and train our people, refreshing their abilities and improving their strengths.

Dow - we care

We have continued to instill and advertise our values which are at the heart of what we do and how we must operate. We start with the customer and prioritise delivering a great outcome for them. We have continued to deliver our care ethos in our service and our marketing, with the use of social media campaigns and the livery of our fleet, promoting our sustainability strengths.

Strategy

- Increased customer engagement
- Driving towards cost effective operations
- Multi brand, multi service
- Reduce our carbon impact
- Invest in new equipment which meets all environmental criteria

Challenges

Continuing and growing challenges faced throughout 2018 include:

- Cost of fuel continues to increase steadily
- Lack of skilled people in the marketplace
- Lack of interest from the insurance sector to cover the costs of training HGV drivers under the age of 25
- Delayed payments from larger PLCs pushing credit terms beyond the current accepted market terms
- Uncertainty over the cost of parts and vehicles post-Brexit

Priorities for 2019

We aim to continue to improve our strong performance whilst also focusing on new diverse developments to implement further structure within the company, with that diversity bringing new investment, training and employment opportunities. We also aim to increase our focus on customer service and to renew and replenish service equipment.

Key performance indicators

We use a range of financial and non-financial metrics to measure our performance. The key financial performance indicators are turnover, gross margin and return on capital employed. The rate achieved for all materials diverted from landfill during the year was 92%.

Turnover decreased from £17,405,063 last year to £14,724,309 this year, a decrease of 15.4%.

Profit on ordinary activities before taxation decreased to 2.81% from 3.07% last year.

Return on capital employed for the year was 16.55% compared to 26.42% last year.

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2018

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that could impact the company's performance and our mitigating activities.

Trading environment

Impact on sales, margins, costs, profit and cash of:

Economic conditions - the business is directly affected by the construction industry which is cyclical and typically lags behind the general economic cycle by between 12 and 24 months.

Mitigating activities include prudent management through the different phases of the economic cycle, achieved by the use of a flexible business model. We aim to have a sound capital structure and stringent financial management in recognition of the cyclical nature of our market and to be able to withstand market shocks.

Competitor activity - in an already competitive market the company faces increased competition from large national competitors and smaller local operators which could result in a reduced market share and lower revenue.

Mitigating activities include regular monitoring of our market share and the performance of our competitors. We continue to create a commercial advantage by consistently providing the highest level of service at a price which offers value to our customers. We also aim to excel in areas that provide barriers to entry to newcomers and by differentiation of service, for example, avoidance of landfill through the process of Refuse Derived Fuels.

Health and safety/Environmental impact - compliance with laws and regulations governing occupational health and safety matters and the wider environment is essential to ensure the safety of employees, the public and the environment and avoid the risk of reputational damage to the company.

Mitigating activities include ensuring that we have adequate insurance cover and maintaining and updating appropriate health and safety and environmental policies. We provide induction training for new staff and regular refresher training for existing staff to reinforce the policies and ensure a safe working environment. We also offer a programme of support to customers to allow them to fulfil their responsibilities to their own workforce when using our equipment.

Business strategy

We face a number of risks in the environment in which we operate as there are many competitors in this sector. We aim to manage and monitor these risks and any factors which could impact our plans for long-term sustainable growth of the company. We recognise that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of these risks is therefore key to accomplishing our strategic objectives and the long-term sustainable growth of the business.

Management and staff

Reliance on key personnel

Availability of adequately qualified staff

Retention of adequately qualified staff

Mitigating activities include succession planning, commitment to open communication with staff and monitoring employee satisfaction. Internal and external training is also available for all staff. Retention of staff is paramount to our business goals and we focus on this to ensure continuity, efficient use of resources and increased productivity to achieve maximum profit.

ON BEHALF OF THE BOARD:

Sheila P. Baxter - Director

9 August 2019

**DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 30 November 2018.

CHANGE OF NAME

The company passed a special resolution on 15 March 2018 changing its name from Dow Waste Management Limited to Dow Group Limited.

DIVIDENDS

An interim dividend of £3,000 per share was paid on 30 November 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 November 2018 will be £ 300,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 December 2017 to the date of this report.

Sheila P. Baxter
W. Marshall Dow

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

**DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Sheila P. Baxter - Director

9 August 2019

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED**

Opinion

We have audited the financial statements of Dow Group Limited (the 'company') for the year ended 30 November 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 company'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the 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, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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.

Auditors' 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.

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 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.

Andrew Steel (Senior Statutory Auditor)
for and on behalf of William Duncan (UK) Limited
Chartered Accountants
Statutory Auditor
4d Auchingramont Road
Hamilton
ML3 6JT

9 August 2019

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2018

		30.11.18 £	30.11.17 £
	Notes		
TURNOVER	4	14,724,309	17,405,063
Cost of sales		<u>12,412,371</u>	<u>14,994,408</u>
GROSS PROFIT		2,311,938	2,410,655
Administrative expenses		<u>1,829,277</u>	<u>1,785,243</u>
OPERATING PROFIT	6	482,661	625,412
Interest payable and similar expenses	7	<u>69,428</u>	<u>90,994</u>
PROFIT BEFORE TAXATION		413,233	534,418
Tax on profit	8	<u>80,203</u>	<u>107,403</u>
PROFIT FOR THE FINANCIAL YEAR		333,030	427,015
OTHER COMPREHENSIVE INCOME			
Revaluation of Land		291,002	-
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>291,002</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>624,032</u>	<u>427,015</u>

The notes form part of these financial statements

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
30 NOVEMBER 2018

	Notes	30.11.18 £	£	30.11.17 £	£
FIXED ASSETS					
Tangible assets	10		2,805,497		2,371,249
CURRENT ASSETS					
Stocks	11	51,344		84,428	
Debtors	12	3,315,386		3,339,701	
Cash at bank and in hand		<u>927,521</u>		<u>1,383,579</u>	
		4,294,251		4,807,708	
CREDITORS					
Amounts falling due within one year	13	<u>4,183,722</u>		<u>4,811,920</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>110,529</u>		<u>(4,212)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,916,026		2,367,037
CREDITORS					
Amounts falling due after more than one year	14		(820,141)		(551,731)
PROVISIONS FOR LIABILITIES	17		<u>(139,222)</u>		<u>(182,675)</u>
NET ASSETS			<u>1,956,663</u>		<u>1,632,631</u>
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Revaluation reserve	19		570,363		279,361
Retained earnings	19		<u>1,386,200</u>		<u>1,353,170</u>
SHAREHOLDERS' FUNDS			<u>1,956,663</u>		<u>1,632,631</u>

The financial statements were approved by the Board of Directors on 9 August 2019 and were signed on its behalf by:

Sheila P. Baxter - Director

W. Marshall Dow - Director

The notes form part of these financial statements

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 December 2016	100	1,116,155	279,361	1,395,616
Changes in equity				
Dividends	-	(190,000)	-	(190,000)
Total comprehensive income	-	427,015	-	427,015
Balance at 30 November 2017	100	1,353,170	279,361	1,632,631
Changes in equity				
Dividends	-	(300,000)	-	(300,000)
Total comprehensive income	-	333,030	291,002	624,032
Balance at 30 November 2018	100	1,386,200	570,363	1,956,663

The notes form part of these financial statements

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	30.11.18 £	30.11.17 £
Cash flows from operating activities			
Cash generated from operations	1	764,681	1,579,025
Interest paid		(23,831)	(22,877)
Interest element of hire purchase payments paid		(45,597)	(68,117)
Tax paid		(148,972)	(143,374)
Net cash from operating activities		<u>546,281</u>	<u>1,344,657</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(955,615)	(770,961)
Sale of tangible fixed assets		27,456	109,424
Net cash from investing activities		<u>(928,159)</u>	<u>(661,537)</u>
Cash flows from financing activities			
Loan repayments in year		-	(55,355)
New HP agreements in year		891,065	714,340
Capital repayments in year		(541,840)	(621,172)
Amount withdrawn by directors		(123,405)	(174,102)
Equity dividends paid		(300,000)	(190,000)
Net cash from financing activities		<u>(74,180)</u>	<u>(326,289)</u>
(Decrease)/increase in cash and cash equivalents		<u>(456,058)</u>	<u>356,831</u>
Cash and cash equivalents at beginning of year	2	1,383,579	1,026,748
Cash and cash equivalents at end of year	2	<u><u>927,521</u></u>	<u><u>1,383,579</u></u>

The notes form part of these financial statements

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2018

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

	30.11.18	30.11.17
	£	£
Profit before taxation	413,233	534,418
Depreciation charges	810,885	728,207
Profit on disposal of fixed assets	(25,972)	(34,859)
Finance costs	69,428	90,994
	<u>1,267,574</u>	<u>1,318,760</u>
Decrease/(increase) in stocks	33,084	(78,511)
Decrease/(increase) in trade and other debtors	102,573	(847,966)
(Decrease)/increase in trade and other creditors	<u>(638,550)</u>	<u>1,186,742</u>
Cash generated from operations	<u><u>764,681</u></u>	<u><u>1,579,025</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 November 2018

	30.11.18	1.12.17
	£	£
Cash and cash equivalents	<u>927,521</u>	<u>1,383,579</u>

Year ended 30 November 2017

	30.11.17	1.12.16
	£	£
Cash and cash equivalents	<u>1,383,579</u>	<u>1,026,748</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018

1. STATUTORY INFORMATION

Dow Group Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(i) Depreciation

Depreciation of fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate.

(ii) Bad debts

Bad debt provisions are provided at rates deemed appropriate by the directors. Specific allowances are provided for when it is known to the directors that the debtor is not recoverable in part or in full.

General allowances are provided based on the directors' cumulative knowledge and experience of the industry, where it is deemed probable a portion of the debtors balance will become unrecoverable.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Turnover includes revenue earned from the rendering of services, namely the provision of waste management services, and construction contracts.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2018

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Land	- not provided
Short leasehold	- 25% on cost
Plant	- 25% on cost, 20% on cost and 10% on cost
Fixtures and fittings	- 50% on cost, 33% on cost and 20% on cost
Motor vehicles	- 50% on cost, 33% on cost and 20% on cost

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Government grants

The grants shown in the statement of financial position represent the total grants receivable to date less the amount so far credited to the income statement.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell.

Financial instruments

Basic financial instruments are recognised as follows:

(i) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method less any impairment.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

Cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the statement of financial position.

(iii) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2018

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement, 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 statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Provisions for liabilities

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

DOW GROUP LIMITED (REGISTERED NUMBER: SC280783)
PREVIOUSLY KNOWN AS DOW WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 NOVEMBER 2018

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	30.11.18	30.11.17
	£	£
Rendering of services	10,588,502	12,932,820
Construction contracts	4,135,807	4,472,243
	<u>14,724,309</u>	<u>17,405,063</u>

5. EMPLOYEES AND DIRECTORS

	30.11.18	30.11.17
	£	£
Wages and salaries	2,388,019	2,700,004
Social security costs	193,442	210,774
Other pension costs	23,886	14,568
	<u>2,605,347</u>	<u>2,925,346</u>

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

	30.11.18	30.11.17
Directors	2	2
Management and admin	14	16
Plant operators, drivers and depot staff	<u>57</u>	<u>61</u>
	<u>73</u>	<u>79</u>

	30.11.18	30.11.17
	£	£
Directors' remuneration	21,200	22,312
Directors' pension contributions to money purchase schemes	<u>93</u>	<u>-</u>

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

Money purchase schemes	<u>2</u>	<u>-</u>
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6. OPERATING PROFIT

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

	30.11.18	30.11.17
	£	£
Depreciation - owned assets	448,147	274,958
Depreciation - assets on hire purchase contracts	362,738	453,250
Profit on disposal of fixed assets	(25,972)	(34,859)
Auditors' remuneration	<u>9,448</u>	<u>7,123</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
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	30.11.18	30.11.17
	£	£
Bank interest and charges	3,979	8,139
Bank loan interest	-	1,954
Factoring charges	19,852	12,784
Hire purchase interest	45,597	68,117
	<u>69,428</u>	<u>90,994</u>

	30.11.18	30.11.17
	£	£
Current tax:		
UK corporation tax	123,656	148,972
Deferred tax	(43,453)	(41,569)
Tax on profit	<u>80,203</u>	<u>107,403</u>

	30.11.18 £	30.11.17 £
Profit before tax	<u>413,233</u>	<u>534,418</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	78,514	101,539
Effects of:		
Expenses not deductible for tax purposes	1,689	3,309
Depreciation in excess of capital allowances	43,453	41,569
Deferred tax movement	(43,453)	(41,569)
Change in rate of tax	<u>-</u>	<u>2,555</u>
Total tax charge	80,203	107,403

		30.11.18	
	Gross	Tax	Net
	£	£	£
Revaluation of Land	291,002	-	291,002

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NOTES TO THE FINANCIAL STATEMENTS - continued
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9. DIVIDENDS

	30.11.18 £	30.11.17 £
Ordinary shares of £1 each		
Interim	<u>300,000</u>	<u>190,000</u>

10. TANGIBLE FIXED ASSETS

	Land £	Short leasehold £	Plant £
COST OR VALUATION			
At 1 December 2017	158,998	26,136	3,704,733
Additions	-	-	64,900
Revaluations	<u>291,002</u>	<u>-</u>	<u>-</u>
At 30 November 2018	<u>450,000</u>	<u>26,136</u>	<u>3,769,633</u>
DEPRECIATION			
At 1 December 2017	-	26,136	1,929,736
Charge for year	-	-	509,224
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 30 November 2018	<u>-</u>	<u>26,136</u>	<u>2,438,960</u>
NET BOOK VALUE			
At 30 November 2018	<u>450,000</u>	<u>-</u>	<u>1,330,673</u>
At 30 November 2017	<u>158,998</u>	<u>-</u>	<u>1,774,997</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 December 2017	83,299	1,136,699	5,109,865
Additions	686	890,029	955,615
Disposals	-	(181,066)	(181,066)
Revaluations	<u>-</u>	<u>-</u>	<u>291,002</u>
At 30 November 2018	<u>83,985</u>	<u>1,845,662</u>	<u>6,175,416</u>
DEPRECIATION			
At 1 December 2017	58,693	724,051	2,738,616
Charge for year	17,403	284,258	810,885
Eliminated on disposal	<u>-</u>	<u>(179,582)</u>	<u>(179,582)</u>
At 30 November 2018	<u>76,096</u>	<u>828,727</u>	<u>3,369,919</u>
NET BOOK VALUE			
At 30 November 2018	<u>7,889</u>	<u>1,016,935</u>	<u>2,805,497</u>
At 30 November 2017	<u>24,606</u>	<u>412,648</u>	<u>2,371,249</u>

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10. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 30 November 2018 is represented by:

	Land £	Short leasehold £	Plant £
Valuation in 2015	-	-	276,829
Valuation in 2018	291,002	-	-
Cost	<u>158,998</u>	<u>26,136</u>	<u>3,492,804</u>
	<u>450,000</u>	<u>26,136</u>	<u>3,769,633</u>

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2015	-	-	276,829
Valuation in 2018	-	-	291,002
Cost	<u>83,985</u>	<u>1,845,662</u>	<u>5,607,585</u>
	<u>83,985</u>	<u>1,845,662</u>	<u>6,175,416</u>

If land had not been revalued it would have been included at the following historical cost:

	30.11.18 £	30.11.17 £
Cost	<u>158,998</u>	<u>158,998</u>
Value of land in freehold land and buildings	<u>158,998</u>	<u>158,998</u>

Land was valued on an open market basis on 17 July 2018 by Ryden LLP .

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10. TANGIBLE FIXED ASSETS - continued

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

	Plant £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 December 2017	1,399,551	866,698	2,266,249
Additions	41,000	836,596	877,596
Transfer to ownership	(364,746)	(535,096)	(899,842)
At 30 November 2018	<u>1,075,805</u>	<u>1,168,198</u>	<u>2,244,003</u>
DEPRECIATION			
At 1 December 2017	609,108	482,727	1,091,835
Charge for year	215,161	147,577	362,738
Transfer to ownership	(259,597)	(357,333)	(616,930)
At 30 November 2018	<u>564,672</u>	<u>272,971</u>	<u>837,643</u>
NET BOOK VALUE			
At 30 November 2018	<u>511,133</u>	<u>895,227</u>	<u>1,406,360</u>
At 30 November 2017	<u>790,443</u>	<u>383,971</u>	<u>1,174,414</u>

11. STOCKS

	30.11.18 £	30.11.17 £
Stock	<u>51,344</u>	<u>84,428</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.18 £	30.11.17 £
Trade debtors	2,533,671	2,673,802
Amounts due for contract work	205,726	402,402
Other debtors	92,368	82,910
Due from related undertakings	188,093	17,721
Directors' loans	78,258	-
Prepayments and accrued income	217,270	162,866
	<u>3,315,386</u>	<u>3,339,701</u>

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FOR THE YEAR ENDED 30 NOVEMBER 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.18	30.11.17
	£	£
Hire purchase contracts (see note 15)	623,817	543,002
Trade creditors	2,313,718	3,244,597
Corporation tax	123,656	148,972
P.A.Y.E. and N.I.C.	42,179	46,634
VAT	120,636	205,478
Other creditors	67,615	28,150
Directors' loans	213,727	258,874
Accrued charges	654,210	312,049
Deferred government grants	24,164	24,164
	<u>4,183,722</u>	<u>4,811,920</u>

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

	30.11.18	30.11.17
	£	£
Hire purchase contracts (see note 15)	<u>820,141</u>	<u>551,731</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	30.11.18	30.11.17
	£	£
Net obligations repayable:		
Within one year	623,817	543,002
Between one and five years	820,141	551,731
	<u>1,443,958</u>	<u>1,094,733</u>
	Non-cancellable operating leases	
	30.11.18	30.11.17
	£	£
Within one year	1,388	1,388
Between one and five years	332,834	616,968
	<u>334,222</u>	<u>618,356</u>

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16. SECURED DEBTS

The following secured debts are included within creditors:

	30.11.18	30.11.17
	£	£
Hire purchase contracts	1,443,958	1,094,733
Deferred government grants	24,164	24,164
	<u>1,468,122</u>	<u>1,118,897</u>

Hire purchase contracts are secured on the assets to which they relate.

17. PROVISIONS FOR LIABILITIES

	30.11.18	30.11.17
	£	£
Deferred tax	<u>139,222</u>	<u>182,675</u>
		Deferred tax
		£
Balance at 1 December 2017		182,675
Transfer to income statement		(43,453)
Balance at 30 November 2018		<u>139,222</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.11.18	30.11.17
		£1	£	£
100	Ordinary		<u>100</u>	<u>100</u>

19. RESERVES

	Retained earnings	Revaluation reserve	Totals
	£	£	£
At 1 December 2017	1,353,170	279,361	1,632,531
Profit for the year	333,030		333,030
Dividends	(300,000)		(300,000)
Revaluation reserve	-	291,002	291,002
At 30 November 2018	<u>1,386,200</u>	<u>570,363</u>	<u>1,956,563</u>

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20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 30 November 2018 and 30 November 2017:

	30.11.18 £	30.11.17 £
W. Marshall Dow		
Balance outstanding at start of year	-	-
Amounts advanced	78,258	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>78,258</u>	<u>-</u>

21. RELATED PARTY DISCLOSURES

At the statement of financial position date the company had outstanding interest free loans, due to the directors, amounting to £213,727 (2017 : £258,874).

Entities over which the entity has control, joint control or significant influence

	30.11.18 £	30.11.17 £
Sales	168,492	36,567
Purchases	416,888	470,865
Amount due from related party	189,661	31,837
Amount due to related party	<u>193,914</u>	<u>33,806</u>

Other related parties

	30.11.18 £	30.11.17 £
Purchases	<u>66,504</u>	<u>66,504</u>

There are no individuals classed as Key Management other than the directors.

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