
DAWSON SHANAHAN (WALES) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FRIDAY



A20 *A7D06SKY* #375
24/08/2018
COMPANIES HOUSE

DAWSON SHANAHAN (WALES) LIMITED

COMPANY INFORMATION

Directors	D Dawson M Jennings J Kiernan L Reeves D Howell
Registered number	06838607
Registered office	Henfaes Lane Welshpool Powys SY21 7BE
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

DAWSON SHANAHAN (WALES) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 26
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	27 - 30

DAWSON SHANAHAN (WALES) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present the Strategic report and financial statements for the year ended 31 December 2017.

Business review and future developments

The directors are pleased to report that sales in the year achieved a gross profit of £2,237,518 (2016 - £1,693,891).

Sales have improved as a result of changes in the company's main area of activity in the previous accounting period. The company has gained customers in new markets and the directors are confident that this will continue to improve performance in future periods.

Principal risks and uncertainties

The main risks arising for the company are as following -

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provisions are made for doubtful debts where necessary.

Foreign exchange risk

The company is exposed to fair value foreign exchange risk on its trade debtor and creditor balances. The company seeks to reduce this risk by maintaining bank accounts in commonly used foreign currencies.

Financial instruments

The company uses financial instruments comprising of hire purchase contracts, together with various items such as trade debtors, retained cash and trade creditors that arise directly from its operations.

Financial key performance indicators

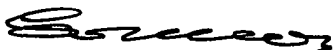
The directors monitor the progress of the company with reference to the following financial key performance indicators -

The company's gross profit margin was 47.71% (2016 - 49.27%).

The company's net profit margin was 16.55% (2016 - 17.93%).

The company had net assets of £3,854,468 (2016 - £3,505,000).

This report was approved by the board on 14 AUGUST 2018 and signed on its behalf.



L Reeves
Director

DAWSON SHANAHAN (WALES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £776,468 (2016 - £616,460).

Directors

The directors who served during the year were:

D Dawson
M Jennings
J Kiernan
L Reeves
D Howell

Matters covered in the strategic report

The consideration of future developments and financial instruments is noted in the Strategic report.

DAWSON SHANAHAN (WALES) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **14 August 2018** and signed on its behalf.



L Reeves
Director

DAWSON SHANAHAN (WALES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAWSON SHANAHAN (WALES) LIMITED

Opinion

We have audited the financial statements of Dawson Shanahan (Wales) Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity 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 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 31 December 2017 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 United Kingdom, including the Financial Reporting Council'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.

DAWSON SHANAHAN (WALES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAWSON SHANAHAN (WALES) LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report 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.

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 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 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, 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.

DAWSON SHANAHAN (WALES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAWSON SHANAHAN (WALES) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, 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.

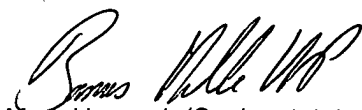
Auditors' responsibilities for the audit of the financial statements

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 an Auditors' 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.

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 Auditors' report.

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 Auditors' 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.



Mark Hancock (Senior statutory auditor)

for and on behalf of

Barnes Roffe LLP

Chartered Accountants & Statutory Auditors

3 Brook Business Centre

Cowley Mill Road

Uxbridge

Middlesex

UB8 2FX

Date: 17 August 2018

DAWSON SHANAHAN (WALES) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	4,690,253	3,437,928
Cost of sales		(2,452,735)	(1,744,037)
Gross profit		2,237,518	1,693,891
Administrative expenses		(1,294,731)	(1,163,154)
Other operating income	5	-	246,000
Operating profit	6	942,787	776,737
Interest receivable and similar income	10	-	95
Interest payable and expenses	11	(9,431)	(8,014)
Profit before tax		933,356	768,818
Tax on profit	12	(156,888)	(152,358)
Profit for the financial year		776,468	616,460
 Total comprehensive income for the year		 776,468	 616,460

The notes on pages 10 to 26 form part of these financial statements.

DAWSON SHANAHAN (WALES) LIMITED
REGISTERED NUMBER: 06838607

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	14		1,052,669		1,266,276
Investments	15		460,400		600,000
			<u>1,513,069</u>		<u>1,866,276</u>
Current assets					
Stocks	16	735,138		584,916	
Debtors: amounts falling due within one year	17	2,798,011		2,280,220	
Cash at bank and in hand	18	376,835		172,505	
		<u>3,909,984</u>		<u>3,037,641</u>	
Creditors: amounts falling due within one year	19	(1,212,934)		(978,268)	
Net current assets			<u>2,697,050</u>		<u>2,059,373</u>
Total assets less current liabilities			<u>4,210,119</u>		<u>3,925,649</u>
Creditors: amounts falling due after more than one year	20		(207,351)		(266,549)
Provisions for liabilities					
Deferred tax	23		(148,300)		(154,100)
Net assets			<u><u>3,854,468</u></u>		<u><u>3,505,000</u></u>
Capital and reserves					
Called up share capital	24		86		86
Profit and loss account	25		3,854,382		3,504,914
			<u><u>3,854,468</u></u>		<u><u>3,505,000</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

14 August 2018



L Reeves
Director

The notes on pages 10 to 26 form part of these financial statements.

DAWSON SHANAHAN (WALES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	86	3,504,914	3,505,000
Comprehensive income for the year			
Profit for the year	-	776,468	776,468
Total comprehensive income for the year	-	776,468	776,468
Dividends: Equity capital	-	(427,000)	(427,000)
Total transactions with owners	-	(427,000)	(427,000)
At 31 December 2017	86	3,854,382	3,854,468

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	86	3,179,454	3,179,540
Comprehensive income for the year			
Profit for the year	-	616,460	616,460
Total comprehensive income for the year	-	616,460	616,460
Dividends: Equity capital	-	(291,000)	(291,000)
Total transactions with owners	-	(291,000)	(291,000)
At 31 December 2016	86	3,504,914	3,505,000

The notes on pages 10 to 26 form part of these financial statements.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Dawson Shanahan (Wales) Limited is a company limited by shares, registered in England and Wales. The address of the registered office is Henfaes Lane, Welshpool, Powys, SY21 7BE.

The company's principal activity is that of general engineers.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Cash flow

The company has taken exemption from producing a cashflow as it is included in the parent's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% straight line
Motor vehicles	- 30% straight line
Fixtures and fittings	- 20% straight line
Office equipment	- 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.9 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.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 Financial instruments (continued)

an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term 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.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.16 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Research and development

Research and development expenditure is written off in the year in which it is incurred.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements:

1. Determine whether there are indicators of impairments of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected further financial performance of the assets.
2. Determine whether trade debtors are recoverable. Factors taken into consideration include credit insurance and expected recovery.
3. Determine whether there are indicators of impairment of the Company's stock. Factors taken into consideration in reaching such a decision, include the ageing of the unsold stock and expected future realisability of the stock.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
General engineering	4,690,253	3,437,928
	<u>4,690,253</u>	<u>3,437,928</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	355,290	273,440
Rest of Europe	3,022,353	2,391,590
Rest of the world	1,312,610	772,898
	<u>4,690,253</u>	<u>3,437,928</u>

5. Other operating income

	2017 £	2016 £
Other operating income	-	246,000
	<u>-</u>	<u>246,000</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Stock charged as an expense	1,828,477	1,223,206
Depreciation of tangible fixed assets - owned	255,823	287,206
Depreciation of tangible fixed assets - leased	62,220	54,870
Exchange differences	19,773	27,050
Other operating lease rentals	81,019	74,499
	<u>1,828,477</u>	<u>1,223,206</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9,210	7,930
Fees payable to the Company's auditor in respect of:		
All other services	2,238	3,187
	2,238	3,187

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	835,487	597,087
Social security costs	76,224	48,395
Cost of defined contribution scheme	23,832	16,347
	935,543	661,829

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

	2017 No.	2016 No.
Manufacturing	72	71
Administration	17	15
Management	8	8
	97	94

The company holds the employment contracts for all employees of Dawson Shanahan (Wales) Limited, Dawson Shanahan Limited and Dawson Shanahan Holdings Limited. The employment costs of the employees of Dawson Shanahan Limited and Dawson Shanahan Holdings Limited are recharged to those companies and are not included in the above staff costs.

The total recharges were wages and salaries £1,308,890 (2016 - £1,487,074), social security costs £109,686 (2016 - £125,156) and pension costs £40,976 (2016 - £81,166).

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	68,779	24,190
Company contributions to defined contribution pension schemes	1,981	686
	<u>70,760</u>	<u>24,876</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2017 £	2016 £
Bank interest receivable	-	95
	<u>-</u>	<u>95</u>

11. Interest payable and similar charges

	2017 £	2016 £
Bank overdraft interest payable	-	129
Hire purchase interest payable	9,431	7,885
	<u>9,431</u>	<u>8,014</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	170,300	145,241
Adjustments in respect of previous periods	(7,612)	17,317
Total current tax	<u>162,688</u>	<u>162,558</u>
Deferred tax		
Origination and reversal of timing differences	(5,800)	(10,200)
Total deferred tax	<u>(5,800)</u>	<u>(10,200)</u>
Taxation on profit on ordinary activities	<u>156,888</u>	<u>152,358</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>933,356</u>	<u>768,818</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	177,338	153,764
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	473	21,070
Depreciation for year in excess of capital allowances	22,800	21,735
Adjustments to tax charge in respect of prior periods	(7,587)	17,317
Short term timing difference leading to a decrease in taxation	(6,145)	(3,825)
Deferred tax	(5,800)	(10,200)
Difference in tax rates	2,181	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(26,372)	(47,503)
Total tax charge for the year	<u>156,888</u>	<u>152,358</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Dividends

	2017 £	2016 £
Dividend on equity capital	427,000	291,000
	<u>427,000</u>	<u>291,000</u>

14. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2017	2,522,413	60,608	83,476	86,288	2,752,785
Additions	47,578	-	-	56,858	104,436
At 31 December 2017	<u>2,569,991</u>	<u>60,608</u>	<u>83,476</u>	<u>143,146</u>	<u>2,857,221</u>
Depreciation					
At 1 January 2017	1,349,005	28,316	46,128	63,060	1,486,509
Charge for the year on owned assets	199,337	18,188	11,703	26,595	255,823
Charge for the year on financed assets	62,220	-	-	-	62,220
At 31 December 2017	<u>1,610,562</u>	<u>46,504</u>	<u>57,831</u>	<u>89,655</u>	<u>1,804,552</u>
Net book value					
At 31 December 2017	<u>959,429</u>	<u>14,104</u>	<u>25,645</u>	<u>53,491</u>	<u>1,052,669</u>
At 31 December 2016	<u>1,173,408</u>	<u>32,292</u>	<u>37,348</u>	<u>23,228</u>	<u>1,266,276</u>

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Plant and machinery	212,979	219,480
	<u>212,979</u>	<u>219,480</u>

15. Fixed asset investments

	Investments in associates £
Cost or valuation	
At 1 January 2017	600,000
Disposals	(17,016)
Insurance receipt contribution to cost	(122,584)
At 31 December 2017	<u>460,400</u>
Net book value	
At 31 December 2017	<u>460,400</u>
At 31 December 2016	<u>600,000</u>

Participating interests

Associates

Name	Class of Shares	Holding	Principal activity
Dawson Shanahan Limited	Ordinary	46.3%	General engineering

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Stocks

	2017 £	2016 £
Raw materials and consumables	285,891	147,607
Work in progress	214,679	188,553
Finished goods and goods for resale	234,568	248,756
	<u>735,138</u>	<u>584,916</u>

17. Debtors

	2017 £	2016 £
Trade debtors	642,119	719,675
Amounts owed by group undertakings	15,863	-
Amounts owed by joint ventures and associated undertakings	1,482,478	1,353,725
Other debtors	140,000	-
Prepayments and accrued income	517,551	206,820
	<u>2,798,011</u>	<u>2,280,220</u>

18. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	376,835	172,505
	<u>376,835</u>	<u>172,505</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	571,158	449,771
Amounts owed to group undertakings	50,000	-
Corporation tax	170,300	155,395
Other taxation and social security	90,148	90,162
Obligations under finance lease and hire purchase contracts	127,918	60,514
Other creditors	118,352	110,724
Accruals and deferred income	85,058	111,702
	<u>1,212,934</u>	<u>978,268</u>

Secured loans

Net obligations under finance leases and hire purchase contracts of £127,918 (2016 - £60,514) are secured over the assets to which they relate.

20. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	157,351	116,549
Other creditors	50,000	150,000
	<u>207,351</u>	<u>266,549</u>

Secured loans

Net obligations under finance leases and hire purchase contracts of £157,351 (2016 - £116,549) are secured over the assets to which they relate.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	127,918	60,514
Between 1-2 years	157,351	116,549
	<u>285,269</u>	<u>177,063</u>

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

22. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	2,280,460	2,073,400
	<u>2,280,460</u>	<u>2,073,400</u>
Financial liabilities		
Financial liabilities measured at amortised cost	1,074,779	887,558
	<u>1,074,779</u>	<u>887,558</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, obligations under finance lease and hire purchase contracts and amounts owed to group undertakings.

23. Deferred taxation

	2017 £	2016 £
At beginning of year	154,100	164,300
Charged to profit or loss	(5,800)	(10,200)
At end of year	<u>148,300</u>	<u>154,100</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	148,300	154,100
	<u>148,300</u>	<u>154,100</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

24. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
51 Ordinary "A" shares of £1 each	51	51
20 Ordinary "B" shares of £1 each	20	20
15 Ordinary "C" shares of £1 each	15	15
	86	86

The Ordinary "A" £1 shares, Ordinary "B" £1 shares and Ordinary "C" £1 shares are separate classes of shares for the purpose of declaration of dividends. The declaration of a dividend in respect of one class of share shall not compel a dividend at the same rate to be declared in respect of any other class of shares. The Ordinary "A" £1, Ordinary "B" £1 and Ordinary "C" £1 shares rank pari passu in all other respects.

25. Reserves

Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,832 (2016 - £16,347).

Contributions totalling £12,592 (2016 - £9,723) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	131,900	131,900
Later than 1 year and not later than 5 years	486,350	497,350
Later than 5 years	165,500	286,400
	783,750	915,650

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

28. Related party transactions

During the year, the company traded with an associate company. The transactions were as follows:

	2017 £	2016 £
Amounts due from associate company	1,482,478	1,353,725
Management charge income	-	(246,000)
Management charge expense	72,000	120,000
Recharge expenses received	2,177,885	2,289,132
	<u> </u>	<u> </u>

Included within other creditors, due within one year is a total amount of £5,760 (2016 - £1,001) due to the directors.

During the year, an amount of £Nil (2016 - £1,799) was borrowed by a director. This balance has been fully repaid and no outstanding amounts are due from the directors at year end.

Remuneration of key management personnel is as disclosed in the directors' remuneration note. No other employees are considered to be key management.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, not to disclose any transactions between the company and its parent undertaking that is included in the consolidated financial statements.

29. Ultimate parent company and controlling party

The ultimate parent company is Dawson Shanahan Holdings Limited.

The ultimate controlling party continues to be D Dawson, a director, by virtue of his majority shareholding in Dawson Shanahan Holdings Limited.