
DAWSON SHANAHAN (WALES) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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DAWSON SHANAHAN (WALES) LIMITED

COMPANY INFORMATION

Directors

D J Dawson
M Jennings
J P Kiernan
L C Reeves
D M 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

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present the Strategic report and financial statements for the year ended 31 December 2018.

Business review and future developments

Turnover is slightly lower than in 2017, primarily due to new projects at some customers being delayed. Activity has increased in 2019 and the Directors are confident of sustained growth in future years.

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 44.97% (2017 - 47.71%).

The company's net profit margin was 13.33% (2017 - 16.55%).

The company had net assets of £4,194,391 (2017 - £3,854,468).

This report was approved by the board on 23 September 2019 and signed on its behalf.



L C Reeves
Director

DAWSON SHANAHAN (WALES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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 £599,923 (2017 - £776,468).

Directors

The directors who served during the year were:

D J Dawson
M Jennings
J P Kiernan
L C Reeves
D M 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 2018**

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.

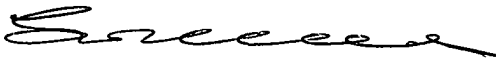
Post balance sheet events

There have been no significant events affecting the Company since the year end.

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 23 September 2019 and signed on its behalf.



L C 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 2018, 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 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 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.

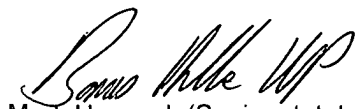
Auditors' responsibilities for the audit of the financial statements

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: 24 September 2019

DAWSON SHANAHAN (WALES) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	4,499,108	4,690,253
Cost of sales		(2,475,951)	(2,452,735)
Gross profit		2,023,157	2,237,518
Administrative expenses		(1,376,798)	(1,294,731)
Operating profit	5	646,359	942,787
Interest receivable and similar income		32	-
Interest payable and expenses	9	(11,317)	(9,431)
Profit before tax		635,074	933,356
Tax on profit	10	(35,151)	(156,888)
Profit for the financial year		599,923	776,468
 Total comprehensive income for the year		 599,923	 776,468

The notes on pages 10 to 25 form part of these financial statements.

DAWSON SHANAHAN (WALES) LIMITED
REGISTERED NUMBER: 06838607

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		1,079,325		1,052,669
Investments	13		-		460,400
			<u>1,079,325</u>		<u>1,513,069</u>
Current assets					
Stocks	14	988,970		735,138	
Debtors: amounts falling due within one year	15	3,084,976		2,798,011	
Cash at bank and in hand	16	174,112		376,835	
			<u>4,248,058</u>	<u>3,909,984</u>	
Creditors: amounts falling due within one year	17	(806,631)		(1,212,934)	
Net current assets			<u>3,441,427</u>		<u>2,697,050</u>
Total assets less current liabilities			<u>4,520,752</u>		<u>4,210,119</u>
Creditors: amounts falling due after more than one year	18		(223,161)		(207,351)
Provisions for liabilities					
Deferred tax	21		(103,200)		(148,300)
Net assets			<u><u>4,194,391</u></u>		<u><u>3,854,468</u></u>
Capital and reserves					
Called up share capital	22		86		86
Profit and loss account	23		4,194,305		3,854,382
			<u><u>4,194,391</u></u>		<u><u>3,854,468</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
23 September 2019



L C Reeves
Director

The notes on pages 10 to 25 form part of these financial statements.

DAWSON SHANAHAN (WALES) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	86	3,854,382	3,854,468
Comprehensive income for the year			
Profit for the year	-	599,923	599,923
Total comprehensive income for the year	-	599,923	599,923
Dividends: Equity capital	-	(260,000)	(260,000)
Total transactions with owners	-	(260,000)	(260,000)
At 31 December 2018	86	4,194,305	4,194,391

The notes on pages 10 to 25 form part of these financial statements.

**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

The notes on pages 10 to 25 form part of these financial statements.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 engineering.

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.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 bases:

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 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Interest income

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

2.8 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.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Financial instruments

The Company only enters into basic financial instrument 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 the 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.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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 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.

2.14 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.

2.15 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'.

DAWSON SHANAHAN (WALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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.

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.19 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.

2.20 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 2018**

4. Turnover

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

	2018 £	2017 £
General engineering	4,499,108	4,690,253
	<u>4,499,108</u>	<u>4,690,253</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	383,393	355,290
Rest of Europe	3,178,216	3,022,353
Rest of the world	937,499	1,312,610
	<u>4,499,108</u>	<u>4,690,253</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Stock charged as an expense	1,765,193	1,828,477
Depreciation of tangible fixed assets - owned	229,284	255,823
Depreciation of tangible fixed assets - leased	99,091	62,220
Exchange differences	5,546	19,773
Other operating lease rentals	82,683	81,019
	<u>2,981,597</u>	<u>3,049,312</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9,500	9,210
	<u>9,500</u>	<u>9,210</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

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

	2018	2017
	£	£
Wages and salaries	945,745	835,487
Social security costs	79,102	76,224
Cost of defined contribution scheme	33,662	23,832
	<u>1,058,509</u>	<u>935,543</u>

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

	2018	2017
	No.	No.
Manufacturing	73	72
Administration	19	17
Management	8	8
	<u>100</u>	<u>97</u>

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, but are included in the average number of employees.

The total recharges were wages and salaries £1,181,158 (2017 - £1,308,890), social security costs £95,224 (2017 - £109,686) and pension costs £68,915 (2017 - £40,976).

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	68,418	68,779
Company contributions to defined contribution pension schemes	5,001	1,981
	<u>73,419</u>	<u>70,760</u>

During the year retirement benefits were accruing to 2 directors (2017 - 1) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2018 £	2017 £
Hire purchase interest payable	11,317	9,431
	<u>11,317</u>	<u>9,431</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	77,635	170,300
Adjustments in respect of previous periods	2,616	(7,612)
Total current tax	<u>80,251</u>	<u>162,688</u>
Deferred tax		
Origination and reversal of timing differences	(45,100)	(5,800)
Total deferred tax	<u>(45,100)</u>	<u>(5,800)</u>
Taxation on profit on ordinary activities	<u>35,151</u>	<u>156,888</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>635,074</u>	<u>933,356</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	120,664	177,338
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation	1,827	473
Capital allowances for year in excess of depreciation	4,559	22,800
Adjustments to tax charge in respect of prior periods	2,617	(7,587)
Short term timing difference leading to a decrease in taxation	(2,923)	(6,145)
Deferred tax	(45,100)	(5,800)
Difference in tax rates	-	2,181
Adjustment in research and development tax credit leading to a decrease in the tax charge	(44,230)	(26,372)
Group relief	(2,263)	-
Total tax charge for the year	<u><u>35,151</u></u>	<u><u>156,888</u></u>

Factors that may affect future tax charges

There were no factors that may materially affect future tax charges.

11. Dividends

	2018 £	2017 £
Dividend on equity capital	260,000	427,000
	<u><u>260,000</u></u>	<u><u>427,000</u></u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2018	2,569,991	60,608	83,476	143,146	2,857,221
Additions	330,340	-	-	24,691	355,031
At 31 December 2018	<u>2,900,331</u>	<u>60,608</u>	<u>83,476</u>	<u>167,837</u>	<u>3,212,252</u>
Depreciation					
At 1 January 2018	1,610,562	46,504	57,831	89,655	1,804,552
Charge for the year on owned assets	181,636	11,715	10,783	25,150	229,284
Charge for the year on financed assets	99,091	-	-	-	99,091
At 31 December 2018	<u>1,891,289</u>	<u>58,219</u>	<u>68,614</u>	<u>114,805</u>	<u>2,132,927</u>
Net book value					
At 31 December 2018	<u>1,009,042</u>	<u>2,389</u>	<u>14,862</u>	<u>53,032</u>	<u>1,079,325</u>
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>

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

	2018 £	2017 £
Plant and machinery	379,701	212,979
	<u>379,701</u>	<u>212,979</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Fixed asset investments

	Investments in associates £
At 1 January 2018	460,400
Disposals	(460,400)
At 31 December 2018	-

14. Stocks

	2018 £	2017 £
Raw materials and consumables	322,486	285,891
Work in progress	220,128	214,679
Finished goods and goods for resale	446,356	234,568
	<u>988,970</u>	<u>735,138</u>

15. Debtors

	2018 £	2017 £
Trade debtors	636,802	642,119
Amounts owed by group undertakings	444,649	15,863
Amounts owed by joint ventures and associated undertakings	-	1,482,478
Other debtors	1,336,670	140,000
Prepayments and accrued income	666,855	517,551
	<u>3,084,976</u>	<u>2,798,011</u>

Included within prepayments are £526,821 (2017 - £290,640) of assets that have not yet been brought into use, that are held under finance leases on hire purchase contracts.

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	174,112	376,835
	174,112	376,835

17. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	336,558	571,158
Amounts owed to group undertakings	-	50,000
Corporation tax	77,635	170,300
Other taxation and social security	53,465	90,148
Obligations under finance lease and hire purchase contracts	184,542	127,918
Other creditors	67,956	118,352
Accruals and deferred income	86,475	85,058
	806,631	1,212,934

Secured loans

Net obligations under finance leases and hire purchase contracts of £184,542 (2017 - £127,918) are secured over the assets to which they relate.

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

	2018	2017
	£	£
Net obligations under finance leases and hire purchase contracts	223,161	157,351
Other creditors	-	50,000
	223,161	207,351

Net obligations under finance leases and hire purchase contracts of £223,161 (2017 - £157,351) are secured over the assets to which they relate.

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	184,589	127,918
Between 1-2 years	100,087	157,351
Between 2-5 years	123,074	-
	<u>407,750</u>	<u>285,269</u>

20. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured that are debt instruments measured at amortised cost	<u>2,418,121</u>	<u>2,280,460</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>812,217</u>	<u>1,074,779</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.

21. Deferred taxation

	2018 £	2017 £
At beginning of year	148,300	154,100
Credited to profit or loss	(45,100)	(5,800)
At end of year	<u>103,200</u>	<u>148,300</u>

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	103,200	148,300
	<u>103,200</u>	<u>148,300</u>

22. Share capital

	2018 £	2017 £
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
	<u>86</u>	<u>86</u>

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.

23. Reserves

Profit and loss account

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

24. 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 £33,662 (2017 - £23,832).

Contributions totalling £13,950 (2017 - £12,592) were payable to the fund at the reporting date and are included in creditors.

DAWSON SHANAHAN (WALES) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

25. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	123,650	131,900
Later than 1 year and not later than 5 years	483,600	486,350
Later than 5 years	44,600	165,500
	<u>651,850</u>	<u>783,750</u>

26. Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, not to disclose any transactions between the company and its 100% parent company.

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

	2018 £	2017 £
Amounts due from associate company	1,245,556	1,482,478
Management charge expense	72,000	72,000
Recharge expenses received	1,993,231	2,177,885
	<u>1,993,231</u>	<u>2,177,885</u>

Included within other creditors, due within one year is a total amount of £4,006 (2017 - £5,760) due to the directors.

27. 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.