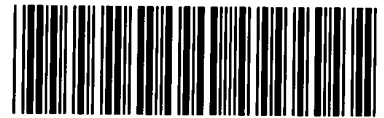


COMPANY REGISTRATION NUMBER: 05788239

ATLANTIC RECYCLING LIMITED
FINANCIAL STATEMENTS
30 JUNE 2017

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ATLANTIC RECYCLING LIMITED

FINANCIAL STATEMENTS

Year ended 30 June 2017

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ATLANTIC RECYCLING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr D J Neal
Mr M A Kenney

Company secretary

Mr D J Neal

Registered office

Atlantic Ecopark
Newton Road
Rumney
Cardiff
CF3 2EJ

Auditor

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

Bankers

HSBC
794 Newport Road
Rumney
Cardiff
CF3 4FH

ATLANTIC RECYCLING LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 30 June 2017

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

BUSINESS REVIEW

The directors consider that the results for the year and the financial position considerably improved in terms of profitability and net capital resources following increased investment from its parent company. The business continued to recover revenue during the year following the disruption caused by a major fire in 2014 and regulatory issues from December 2015 which caused a reduction of processing capacity by 66% until the end of June 2016.

The 12-month sales of £10m (£8.3m), was under budget for the year together with the gross profit of £1.6m. However because costs were reduced which included the profit on sale of assets and provision adjustments a pre tax profit of £264k was achieved. The business recovered its processing ability at the beginning of the period under review, but still has operating constraints until the whole permitted site is brought back into use.

There continues to be one insurance claim out of three in respect of the fire in 2014 outstanding which includes a loss of profits claim.

The principle activity of the business continues to be the recycling of waste streams including construction and demolition waste (C&D), commercial and industrial waste (C&I), civil amenity waste (CA) and some municipal solid waste (MSW). 80% of waste can be recycled with all the processing facilities working normally with the final 20% of waste prepared as Refuse Derived Fuel (RDF) for export from the site to power/energy operators for burning. The company's objective is to divert all waste from landfill and support both commercial and local authority customers to achieve their recovery/recycling targets.

The company's customers continue to range from national house builders, civil engineers and developers to local authorities. It also plays an important role interacting and trading with other group companies as a wholly owned subsidiary of Dauson Environmental Group Ltd. The company's strategy is to return to profitability and invest in site infrastructure and plant to enable it to handle increased volumes of waste for processing.

This financial period has also been influenced by various factors:

- The enforced reduction in processing capacity during the review period restricting growth in revenue.
- Finishing the processing of legacy waste backlog caused by the original installation of the Materials Recycling Facility (MRF) in 2011.
- Non-trading professional costs have continued to be borne by the company during the period under review. These are considered to be £250k more than planned.

ATLANTIC RECYCLING LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 30 June 2017

RECENT DEVELOPMENTS

The company is part of a larger group with the ultimate holding company being Dauson Environmental Group Ltd. The group had separated the recycling activities of the group from the construction activities following a restructuring in 2009. This restructuring allowed the merger of group companies operating in similar markets enabling greater efficiency and cost savings. Since the investment in various projects since 2011, further substantial investment has been made in site infrastructure.

Further investment in processing plant is planned for 2017/18 which will create more opportunities to increase revenue and efficiency, resulting in improved trading profits. As the only shareholder, Dauson Environmental Group Ltd has increased its investment in Atlantic by £4.5m to improve the net capital resources in support of its future development.

The company operate within the waste management sector of the Group.

CRITICAL ISSUES FACING THE COMPANY

The company's ability to manage waste streams in a compliant manner in a strictly regulated environment.

The company continues to rely on the financial support provided by group companies in its operations at the Ecopark.

INTERNAL ANALYSIS

The company is strong in experience and management resources, able to react quickly and well located to take advantage of any growth opportunities presented to the company and its sister companies. Its ability to withstand significant disruption and still come back and return to satisfactory revenue streams demonstrates the positive depth and strength of its management team.

EXTERNAL ANALYSIS

The company continues to maintain a unique position in its sector as entry costs are high. With its plans to enhance infrastructure and provide a recycling service in a sector that demands solutions to the recovery and recycling of waste products at one of the largest privately-owned sites in Wales, with easy access to the M4.

FINANCIAL PERFORMANCE

The company's financial performance for the last 4 years is summarized as follows:

Atlantic Recycling Ltd	Audited 2014 £'000	Audited 2015 £'000	Audited 2016 £'000	Audited 2017 £'000
Turnover	6,921	9,545	8,347	9,955
Profit/Loss before tax	(1,104)	(317)	(2,165)	264
Shareholders funds	(1,895)	(2,101)	(4,283)	442

ATLANTIC RECYCLING LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 30 June 2017

POST BALANCE SHEET EVENTS

In November 2017, the company concluded longstanding issues with the regulator and full provisions for this outcome have been made in these accounts.

FUTURE DEVELOPMENTS

The company has sustained its return to profitability since 2017 and is expected to exceed its revenue and pre-tax profit forecasts for 2018.

Continued investment in site infrastructure continues, funded by the Dauson Group and the maintenance of sustainable profits is the priority for 2017/18.

RESULTS AND DIVIDEND

The profit after taxation of the company for the year amounted to £224,902 (loss 2016: £2,181,862)

The directors have not recommended a dividend.

FIXED ASSETS

In the opinion of the directors no fixed assets have a significant difference in value between the book value reported and the market value.

Directors

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

Mr D J Neal
Mr M A Kenney

Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

ATLANTIC RECYCLING LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 30 June 2017

Auditor

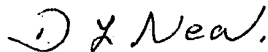
Each of the persons who is a director at the date of approval of this report confirms that:

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

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 6/2/18 and signed on behalf of the board by:



Mr D J Neal
Director



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIC RECYCLING LIMITED

Year ended 30 June 2017

Opinion

We have audited the financial statements of Atlantic Recycling Limited (the 'company') for the year ended 30 June 2017 which comprise the profit and loss account, balance sheet, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

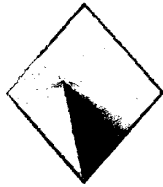
Basis for opinion

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



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIC
RECYCLING LIMITED (continued)**

Year ended 30 June 2017

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

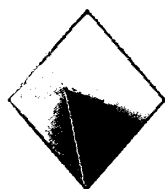
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



**KILSBY
WILLIAMS**
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIC RECYCLING LIMITED *(continued)*

Year ended 30 June 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**KILSBY
WILLIAMS**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTIC
RECYCLING LIMITED** *(continued)*

Year ended 30 June 2017

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

Simon Tee 13th February 2018

Simon Tee (Senior Statutory Auditor)

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

ATLANTIC RECYCLING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 June 2017

	Note	2017 £	2016 £
TURNOVER		9,955,157	8,347,043
Cost of sales		(8,373,507)	(9,244,940)
GROSS PROFIT/(LOSS)		1,581,650	(897,897)
Administrative expenses		(1,323,540)	(1,093,960)
Other operating income		222,063	78,375
OPERATING PROFIT/(LOSS)		480,173	(1,913,482)
Interest payable and similar expenses		(215,725)	(251,959)
PROFIT/(LOSS) BEFORE TAXATION	7	264,448	(2,165,441)
Tax on profit/(loss)		(39,546)	(16,421)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>224,902</u>	<u>(2,181,862)</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 13 to 18 form part of these financial statements.

ATLANTIC RECYCLING LIMITED

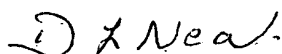
BALANCE SHEET

30 June 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	2,359,544	1,972,096
CURRENT ASSETS			
Debtors	10	1,929,305	1,318,047
Cash at bank and in hand		405	469
		<u>1,929,710</u>	<u>1,318,516</u>
CREDITORS: amounts falling due within one year	11	<u>(3,062,477)</u>	<u>(6,888,521)</u>
NET CURRENT LIABILITIES		<u>(1,132,767)</u>	<u>(5,570,005)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,226,777</u>	<u>(3,597,909)</u>
CREDITORS: amounts falling due after more than one year	12	<u>(715,670)</u>	<u>(655,432)</u>
PROVISIONS		<u>(69,544)</u>	<u>(29,998)</u>
NET ASSETS/(LIABILITIES)		<u>441,563</u>	<u>(4,283,339)</u>
CAPITAL AND RESERVES			
Called up share capital		350,000	350,000
Other reserves	13	4,500,000	-
Profit and loss account	13	<u>(4,408,437)</u>	<u>(4,633,339)</u>
SHAREHOLDERS FUNDS		<u>441,563</u>	<u>(4,283,339)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 6/2/18, and are signed on behalf of the board by:



Mr D J Neal
Director

Company registration number: 05788239

The notes on pages 13 to 18 form part of these financial statements.

ATLANTIC RECYCLING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2017

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
AT 1 JULY 2015	350,000	–	(2,451,477)	(2,101,477)
Loss for the year	—	—	(2,181,862)	(2,181,862)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	(2,181,862)	(2,181,862)
AT 30 JUNE 2016	350,000	–	(4,633,339)	(4,283,339)
Profit for the year	—	—	224,902	224,902
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	–	224,902	224,902
New ordinary share capital subscribed	–	4,500,000	–	4,500,000
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	–	4,500,000	–	4,500,000
AT 30 JUNE 2017	<u>350,000</u>	<u>4,500,000</u>	<u>(4,408,437)</u>	<u>441,563</u>

The notes on pages 13 to 18 form part of these financial statements.

ATLANTIC RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2017

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The accounts show that the company made a profit of £224,902 (2016 - loss £(2,181,862)) in the period but had net current liabilities of £1,132,767 (2016 - £5,570,005). The directors have therefore had to consider the appropriateness of going concern.

The company has been able to finance its operations largely because of support from group companies and external finance. Were this support not available, the company may not be able to continue trading.

The directors are confident that the company will trade profitably in the near future and believe that it will be able to meet its obligations given the continuing support. As a consequence, the directors consider it appropriate to prepare the accounts on the going concern basis.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the hire of skips and the provision of waste management services to customers.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Taxation

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

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

ATLANTIC RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2017

3. ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

Goodwill

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

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

Tangible assets

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

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

Depreciation

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

Plant and machinery	-	12.5% - 50% on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	12.5% - 50% on cost
Computer equipment	-	25% on cost
Other tangibles	-	12.5% - 20% on cost

ATLANTIC RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2017

3. ACCOUNTING POLICIES *(continued)*

Government grants

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

Government grants are recognised using the performance model.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

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

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

Financial instruments

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

Defined contribution plans

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

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

4. AUDITOR'S REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>8,500</u>	<u>5,850</u>

ATLANTIC RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2017

5. EMPLOYEE NUMBERS

The average number of persons employed by the company during the year amounted to 60 (2016: 59).

6. EXCEPTIONAL ITEMS

	2017	2016
	£	£
Profit/Loss on sale of tangible fixed assets	<u>—</u>	<u>229,618</u>

7. PROFIT BEFORE TAXATION

Profit/(loss) before taxation is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	<u>680,340</u>	<u>889,723</u>

8. INTANGIBLE ASSETS

	Goodwill
	£
Cost	
At 1 July 2016 and 30 June 2017	<u>226,098</u>
Amortisation	
At 1 July 2016 and 30 June 2017	<u>226,098</u>
Carrying amount	
At 30 June 2017	<u>—</u>
At 30 June 2016	<u>—</u>

9. TANGIBLE ASSETS

	Plant and machinery	Fixtures and fittings	Motor vehicles	Equipment	Other tangibles	Total
	£	£	£	£	£	£
Cost						
At 1 Jul 2016	2,826,835	1,718	377,582	10,020	2,392,287	5,608,442
Additions	775,791	—	182,220	—	172,880	1,130,891
Disposals	(698,500)	—	(64,400)	—	—	(762,900)
At 30 Jun 2017	<u>2,904,126</u>	<u>1,718</u>	<u>495,402</u>	<u>10,020</u>	<u>2,565,167</u>	<u>5,976,433</u>
Depreciation						
At 1 Jul 2016	2,059,708	1,718	167,798	9,742	1,397,379	3,636,345
Charge for the year	264,261	—	107,437	278	308,363	680,339
Disposals	(637,542)	—	(62,253)	—	—	(699,795)
At 30 Jun 2017	<u>1,686,427</u>	<u>1,718</u>	<u>212,982</u>	<u>10,020</u>	<u>1,705,742</u>	<u>3,616,889</u>
Carrying amount						
At 30 Jun 2017	<u>1,217,699</u>	<u>—</u>	<u>282,420</u>	<u>—</u>	<u>859,425</u>	<u>2,359,544</u>
At 30 Jun 2016	<u>767,127</u>	<u>—</u>	<u>209,784</u>	<u>278</u>	<u>994,908</u>	<u>1,972,097</u>

ATLANTIC RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2017

9. TANGIBLE ASSETS *(continued)*

Finance leases and hire purchase contracts

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

	Plant and machinery £	Motor vehicles £	Total £
At 30 June 2017	907,194	272,212	1,179,406
At 30 June 2016	631,165	89,967	721,132

10. DEBTORS

	2017 £	2016 £
Trade debtors	1,873,213	905,684
Amounts owed by group undertakings and undertakings in which the company has a participating interest	–	142,094
Other debtors	56,092	270,269
	<u>1,929,305</u>	<u>1,318,047</u>

The invoice discounting creditor is secured on the book debts of group companies.

11. CREDITORS: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	17,265	4,097,251
Trade creditors	306,447	485,783
Amounts owed to group undertakings and undertakings in which the company has a participating interest	495,926	207,092
Social security and other taxes	310,120	113,740
Other creditors	1,932,719	1,984,655
	<u>3,062,477</u>	<u>6,888,521</u>

The following balance included in creditors due within one year are secured by the company:

	2017 £	2016 £
Hire purchase and finance lease agreements	367,764	341,114

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

	2017 £	2016 £
Other creditors	<u>715,670</u>	<u>655,432</u>

ATLANTIC RECYCLING LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 30 June 2017

12. CREDITORS: amounts falling due after more than one year *(continued)*

The following balance included in creditors due after more than one year are secured by the company:

	2017	2016
	£	£
Hire purchase and finance lease agreements	465,906	163,664

13. RESERVES

During the period the company received £4,500,000 from shareholders in relation to new ordinary shares. The transaction to legally issue the shares had not been fully completed. The monies subscribed were treated in accordance with the substance of the transaction and were shown as other reserves within shareholder funds.

14. CONTINGENCIES

The company has provided a guarantee in connection with Dauson Environmental Group Limited's group bank facility.

The guarantee is unlimited and takes the form of debentures, fixed charge and floating charge covering the assets of the company for current and future periods. The group also has a right of set off across bank balances held.

15. RELATED PARTY TRANSACTIONS

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

Included within wages is £53,679 (2016 - £51,413) in relation to salaries of key management personnel.

Included within legal & professional fees is £46,000 (2016 - £0) in relation to consultancy fees paid to a company owned by a close family member of the director Mr D Neal.

16. CONTROLLING PARTY

The controlling party is Dauson Environmental Group Limited. The ultimate controlling party is Mr D J Neal.

Dauson Environmental Group Limited prepare the financial statements into which the results of Atlantic Recycling Limited are consolidated. Their registered office is the same as Atlantic Recycling Limited and financial statements can be obtained from Companies House, Crown Way, Cardiff.