

Company Registration No. 07597648 (England and Wales)

DAWNUS SOUTHERN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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DAWNUS SOUTHERN LIMITED

COMPANY INFORMATION

Directors	Mr R T Evans Mr H Smith Mr N C Down Mr T A Lowe	(Appointed 15 April 2016)
Secretary	Mr T A Lowe	
Company number	07597648	
Registered office	7 Dyffryn Court Riverside Business Park Swansea Vale SWANSEA UK SA7 0AP	
Auditors	Broomfield & Alexander Limited Charter Court Phoenix Way Enterprise Park SWANSEA UK SA7 9FS	

DAWNUS SOUTHERN LIMITED

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DAWNUS SOUTHERN LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the year ended 31 December 2016.

Review of business and future developments

The trading results for the year are set out in the annexed financial statements.

The directors were disappointed with the performance of the company during the year.

The company recorded a loss for the financial year of £2,768,000 (2015: loss of £1,717,000).

The directors have undertaken a strategic review of the operations of the company and are confident of growth and a return to profitability in future periods.

The management of the business and the execution of the company's strategy are subject to a number of risks.

Overall demand for the company's services is dependent upon general economic conditions, perceived confidence in the future and financial interest rates. Each of the aforementioned factors is outside of the company's control. The directors seek to mitigate these general risks by constantly assessing the sectors in which the company operates, investing in a quality labour force and by striving to control quality. The company continues to develop business systems and new technology aimed at improving procedures and overall financial management.

Principal risks and uncertainties

Treasury operations and financial instruments

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk

The company actively maintains a mixture of long term and short term debt finance that is designed to ensure that the company has sufficient funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash balances, which earn interest at floating rates. The company has a policy of maintaining debt at floating rates. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company's financial assets are cash and debtors. The company's credit risk is primarily attributable to its debtors which are presented in the balance sheet net of allowances for doubtful debts. The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Results and key performance indicators

Given the nature of the business, the company's directors are of the opinion that detailed analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

DAWNUS SOUTHERN LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board



Mr T A Lowe

Director

20 September 2017

DAWNUS SOUTHERN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company in the year under review was that of building and civil engineering.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R T Evans

Mr H Smith

Mr N C Down

Mr T A Lowe

(Appointed 15 April 2016)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid (2015: £Nil). The directors do not recommend payment of a final dividend.

Future developments

The strategy and future developments of the business have been set out in the Strategic Report.

Auditor

Broomfield & Alexander Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Going concern

The company has received a letter of support in relation to the going concern basis from Dawnus Group Limited (Company number: 08670888), stating that it is their intention to provide any necessary support, to enable the company to meet its liabilities as and when they fall due for a period of no shorter than twelve months from the date of signing these financial statements.

DAWNUS SOUTHERN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr T A Lowe

Director

20 September 2017

DAWNUS SOUTHERN LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DAWNUS SOUTHERN LIMITED

We have audited the financial statements of Dawnus Southern Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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 any material misstatements in the Strategic Report and the Directors' Report.

DAWNUS SOUTHERN LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DAWNUS SOUTHERN LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Broomfield & Alexander Limited

James Edward Dobson BSc(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Broomfield & Alexander Limited

20 September 2017

Chartered Accountants
Statutory Auditor

Charter Court
Phoenix Way
Enterprise Park
SWANSEA
UK
SA7 9FS

DAWNUS SOUTHERN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	45,145	35,590
Cost of sales		(46,678)	(36,672)
Gross loss		(1,533)	(1,082)
Administrative expenses		(1,204)	(1,038)
Operating loss	4	(2,737)	(2,120)
Interest receivable and similar income	6	1	-
Loss before taxation		(2,736)	(2,120)
Taxation	7	(32)	403
Loss for the financial year		(2,768)	(1,717)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,768)	(1,717)

The statement of comprehensive income has been prepared on the basis that all operations are continuing

DAWNUS SOUTHERN LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	£'000	2015 £'000	£'000
Fixed assets					
Investments	8		1,156		1,156
Current assets					
Debtors	10	2,482		4,672	
Cash at bank and in hand		1,333		462	
		<u>3,815</u>		<u>5,134</u>	
Creditors: amounts falling due within one year	11	<u>(9,305)</u>		<u>(7,856)</u>	
Net current liabilities			<u>(5,490)</u>		<u>(2,722)</u>
Total assets less current liabilities			<u>(4,334)</u>		<u>(1,566)</u>
Capital and reserves					
Profit and loss reserves			<u>(4,334)</u>		<u>(1,566)</u>

The financial statements were approved by the board of directors and authorised for issue on 20 September 2017 and are signed on its behalf by:



Mr T A Lowe
Director

Company Registration No. 07597648

DAWNUS SOUTHERN LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Profit and loss reserves £'000
Balance at 1 January 2015		151
Year ended 31 December 2015:		
Loss and total comprehensive income for the year		<u>(1,717)</u>
Balance at 31 December 2015		(1,566)
Year ended 31 December 2016:		
Loss and total comprehensive income for the year		<u>(2,768)</u>
Balance at 31 December 2016		<u>(4,334)</u>

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

The principal activity of the company is that of building and civil engineering operations.

Dawnus Southern Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 7 Dyffryn Court, Riverside Business Park, Swansea Vale, SWANSEA, UK, SA7 0AP.

1.1 Accounting convention

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of Dawnus Southern Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures'

The financial statements of the company are consolidated in the financial statements of Dawnus Group Limited. These consolidated financial statements are available from its registered office - Unit 7, Dyffryn Court, Riverside Business Park, Swansea Vale, Swansea, SA7 0AP.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover for a financial year includes the value of construction work done and plant hire income. Turnover excludes trade discounts and value added tax.

Long term contract balances are assessed on a contract by contract basis and are reflected in the statement of comprehensive income as contract activity progresses. Any expected losses on long term contract balances are recognised immediately and are written off to the statement of comprehensive income. Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the prudently calculated attributable profit is recognised in the statement of comprehensive income as the difference between reported turnover and related costs for that contract.

On short term contracts turnover and profits are recognised when invoices are raised for certified work undertaken.

The amount by which recorded turnover is in excess of payments on account is classified as "amounts recoverable on contracts" and separately disclosed within debtors. Where payments are in excess of recognised turnover, the excess is included as "payments on account".

Long term contracts

Amounts receivable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts less amounts received as progress payments on accounts. Excess progress payments are included in creditors as payments received on account.

1.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Fair value measurement of financial instruments

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at that date.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sustainable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

1.8 Foreign currency

Functional and presentation currency

The financial statements are presented in pounds sterling and rounded to thousands. The company's functional and presentational currency is the pound sterling.

Transactions and balances

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates on monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£'000	£'000
Turnover		
Revenue arising on construction contracts and support services	45,145	35,590
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	1	-
	<u> </u>	<u> </u>

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2016 £'000	2015 £'000
UK	45,145	35,590

The total turnover of the company for the year has been derived from its principal activity which is considered to be a single business segment. All turnover arose in the United Kingdom.

4 Operating loss

	2016 £'000	2015 £'000
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	3	3
Cost of stocks recognised as an expense	7,732	6,464
Operating lease charges	135	77

5 Employees

No persons other than the Directors were employed during the year or the prior year. The directors' did not receive any emoluments from this company in respect of qualifying services either in 2016 or 2015.

The emoluments of the directors' are paid by other companies within the group. Each of the directors are directors' of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, no emoluments in respect of the directors are disclosed within these financial statements.

Key management compensation

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the company. The board consider that only the Directors of the company fulfil this definition.

6 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Interest on bank deposits	1	-

7 Taxation

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the current period	-	(5)

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	-	(398)
Adjustment in respect of prior periods	32	-
	<u>32</u>	<u>-</u>
Total deferred tax	<u>32</u>	<u>(398)</u>
	<u>32</u>	<u>(403)</u>
Total tax charge/(credit)	<u>32</u>	<u>(403)</u>

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £'000	2015 £'000
Loss before taxation	<u>(2,736)</u>	<u>(2,120)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(547)	(429)
Adjustments in respect of prior years	32	-
Effect of change in corporation tax rate	-	26
Group relief	547	-
	<u>32</u>	<u>(403)</u>
Taxation for the year	<u>32</u>	<u>(403)</u>

8 Fixed asset investments

	Notes	2016 £'000	2015 £'000
Investments in subsidiaries	9	<u>1,156</u>	<u>1,156</u>

Movements in fixed asset investments

	Shares in group undertakings
	£'000
Cost or valuation	
At 1 January 2016 & 31 December 2016	<u>1,156</u>
Carrying amount	
At 31 December 2016	<u>1,156</u>
At 31 December 2015	<u>1,156</u>

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Subsidiaries

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect

Ashridge Construction Limited	Building and Civil Engineering	Ordinary	100.00	
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10 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	199	236
Gross amounts due from contract customers	1,597	3,732
Corporation tax recoverable	5	5
Other debtors	299	279
Prepayments and accrued income	16	22
	<u>2,116</u>	<u>4,274</u>
Deferred tax asset (note 12)	366	398
	<u>2,482</u>	<u>4,672</u>

11 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	6,891	5,643
Amounts due to group undertakings	264	1,216
Other taxation and social security	17	37
Other creditors	2	2
Accruals and deferred income	2,131	958
	<u>9,305</u>	<u>7,856</u>

12 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2016 £'000	Assets 2015 £'000
Balances:		
Tax losses	<u>366</u>	<u>398</u>

DAWNUS SOUTHERN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Deferred taxation (Continued)

	2016 £'000
Movements in the year:	
(Asset) at 1 January 2016	(398)
Charge to profit or loss	32
	<hr/>
(Asset) at 31 December 2016	(366)
	<hr/>

13 Share capital

	2016 £	2015 £
Authorised		
180 A Ordinary Shares of £1 each	180	180
20 B Ordinary Shares of £1 each	20	20
	<hr/>	<hr/>
	200	200
	<hr/>	<hr/>

The A and B ordinary shares rank parri passu in all respects.

14 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the bank overdraft of a fellow group company, the amount of the borrowing at 31 December 2016 totalled £7,344,908 (2015: £7,537,000).

15 Controlling party

The immediate parent company is Dawnus Construction Holdings Limited, which itself is a wholly owned subsidiary of Dawnus Group Limited.

The ultimate parent company and controlling party is Dawnus Group Limited which is the parent company of the largest and smallest group to consolidate these financial statements.

Copies of the Dawnus Group Limited consolidated financial statements can be obtained from the company's registered office - Unit 7, Dyffryn Court, Riverside Business Park, Swansea Vale, Swansea, SA7 0AP.