

D. G. Finance Limited

Annual Report and Accounts

Year ended 31 December 2017



Directors and advisers

Directors

Stephen J Miller
Anthony Coleman, FCA

Secretary and registered office

Lucinda Kent, FCA
Delaware Drive, Tongwell, Milton Keynes, MK15 8JH

Auditors

Mazars LLP
The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF

Bankers

Barclays Bank PLC
Ashton House, 497 Silbury Boulevard, Central Milton Keynes, MK9 2LD

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**Report of the directors
for the year ended 31 December 2017**

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

Principal Activity

The company's principal activity is the leasing of vehicles to fellow group undertakings.

Risks and uncertainties

The directors do not consider there to be any significant risks or uncertainties that require separate disclosure in the financial statements.

Directors

The current directors of the company, who served throughout the year and to the date of signing this report (unless otherwise stated), are set out on page 1.

Directors' indemnity

Appropriate directors' and officers' liability insurance cover is in place in respect of all the company's directors.

Results and dividends

Turnover amounted to £673,000 (2016: £624,000) and the profit before tax was £59,000 (2016: £88,000). No dividends have been paid or proposed during the year (2016: £nil).

Statement as to disclosure of information to auditors

The directors have taken all necessary steps to make them aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

Statement for small companies

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A (1)(a) of the Companies Act 2006.

The directors have also taken advantage of the small companies exemptions from preparing a strategic report provided by section 414B (a) of the Companies Act 2006.

**Report of the directors
for the year ended 31 December 2017 (continued)**

Statement of directors' responsibilities

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, including FRS 102, Section 1A *The Financial Reporting Standard applicable in the UK and Republic of Ireland* 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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.

Auditor

Pursuant to s487(2) of the Companies Act 2006 the auditors, Mazars LLP, will be deemed to have been reappointed.

Approved on behalf of the board and signed on its behalf by



**Lucinda Kent, FCA
Secretary**

21 March 2018

Independent auditor's report to the members of D. G. Finance Limited

Opinion

We have audited the financial statements of D.G. Finance Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. 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 Section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 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.

Use of the audit 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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Independent auditor's report to the members of D. G. Finance Limited (continued)

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

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 auditor's report.



Stephen Brown (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes MK9 1FF
Date: 21st March 2018

**Statement of Comprehensive Income
for the year ended 31 December 2017**

	2017 £'000	2016 £'000
Turnover	673	624
Cost of sales	<u>632</u>	<u>560</u>
Gross profit	41	64
Administrative expenses	<u>(27)</u>	<u>(32)</u>
Operating profit	68	96
Interest payable and similar charges	<u>9</u>	<u>8</u>
Profit on ordinary activities before tax	59	88
Tax	<u>13</u>	<u>22</u>
Profit after taxation being profit for the financial year	<u>46</u>	<u>66</u>

The notes on pages 9 to 13 are an integral part of these financial statements.

**Statement of Financial Position
as at 31 December 2017**

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	2	2,027	1,886
Current assets			
Debtors		178	162
Cash at bank and in hand		4	15
		<u>182</u>	<u>177</u>
Creditors due within one year			
Creditors		835	735
		<u>835</u>	<u>735</u>
Net current liabilities		653	558
Total assets less current liabilities		<u>1,374</u>	<u>1,328</u>
Net assets		<u>1,374</u>	<u>1,328</u>
Capital and reserves			
Called up share capital		350	350
Share premium account		268	268
Profit and loss account		756	710
Equity shareholders' funds		<u>1,374</u>	<u>1,328</u>

The financial statements on pages 6 to 13 were approved and authorised for issue by the board of directors on 21 March 2018.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

A Coleman
Director



S J Miller
Director



The notes on pages 9 to 13 are an integral part of these financial statements.

**Statement of Changes in Equity
for the year ended 31 December 2017**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Equity shareholders' funds £'000
At 1 January 2016	350	268	644	1,262
Profit for the financial year	-	-	66	66
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	66	66
Dividends paid	-	-	-	-
At 31 December 2016	350	268	710	1,328
Profit for the financial year	-	-	46	46
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	46	46
Dividends paid	-	-	-	-
At 31 December 2017	350	268	756	1,374

Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits and losses of the company.

Share premium account

The share premium account represents the difference between the proceeds and the nominal value of each share issued.

**Notes to the financial statements
for the year ended 31 December 2017****Accounting policies****General information**

D.G. Finance Limited (“the company”) is a private limited company incorporated in England and Wales. The address of its registered office and principal place of business is Delaware Drive, Tongwell, Milton Keynes, MK15 8JH. The principal activity of the company is the leasing of vehicles to fellow group undertakings.

These financial statements have been presented in Pounds Sterling as this is the company’s functional currency, being the primary economic environment in which the company operates.

The level of rounding used throughout the financial statements is to the nearest thousand.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 Section 1A *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (“FRS 102”) and applicable legislation, as set out in the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

FRS 102 Section 1A allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including the notification of and no objection to, the use of exemptions by the company’s shareholders. In preparing the financial statements, the company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows, as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements the company has also taken advantage of the exemption not to provide:

- certain disclosure requirements of Section 11 *Basic Financial Instruments*.

Details of where the consolidated financial statements, in which the company is included, can be obtained is set out in note 6.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors have reviewed cash flow forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the company will be able to pay its liabilities as they fall due. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for the provision of services in the normal course of business, net of discounts and other sales-related taxes.

Rental income from operating leases and contract hire activities is recognised on a straight-line basis over the term of the relevant lease.

**Notes to the financial statements (continued)
for the year ended 31 December 2017**

Accounting policies

Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. 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 give rise to a deferred tax liability or asset.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss. Depreciation is provided to write down the cost of fixed assets by equal instalments to their estimated residual values over the period of their estimated useful lives with the company in accordance with the table below:

	Useful life with the company	Residual value
Cars	4 - 5 years	15% - 40%

Tangible assets are tested for impairment where an indication of impairment exists at the reporting date.

Impairment of assets

At each reporting date, the company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

**Notes to the financial statements (continued)
for the year ended 31 December 2017**

Accounting policies

Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic and non-basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, borrowings, trade and other creditors and derivative financial instruments. The company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments*.

Financial assets – classified as basic financial instruments

The company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments*.

Cash and Cash equivalents

Cash and cash equivalents include cash at bank and in hand and other short-term highly liquid investments with original maturities of three months or less which are classified as current asset investments.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Financial liabilities – classified as basic financial instruments

Trade and other creditors and borrowings

Short term trade and other creditors and borrowings are measured at the transaction price. Other financial liabilities which constitute financing transactions are initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Financial liabilities – classified as basic financial instruments

Leases

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

Operating leases

The company as a lessor

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Any benefits receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

Asset purchase rebates

Rebates and bonuses from manufacturers and distributors are credited to statement of comprehensive income over a three to five year period from the date of installation of the relevant assets to coincide with their expected life within the company.

**Notes to the financial statements (continued)
for the year ended 31 December 2017**

1 Directors and employees

Employees

The company had no full-time employees during the year (2016: nil). No direct staff costs were incurred during the year (2016: £nil).

2 Tangible fixed assets

	Cars £'000
Cost	
As at 1 January 2017	2,727
Additions	1,235
Disposals	(937)
Transfers from group undertakings	20
Transfers to group undertakings	(30)
As at 31 December 2017	<u>3,015</u>
Depreciation	
As at 1 January 2017	841
Charge for the year	620
Relating to disposals	(482)
Transfers from group undertakings	14
Transfers to group undertakings	(5)
As at 31 December 2017	<u>988</u>
Book value	
As at 31 December 2017	<u>2,027</u>
As at 31 December 2016	<u>1,886</u>

3 Financial commitments

	2017 £'000	2016 £'000
Outstanding contracts for capital expenditure	<u>178</u>	<u>94</u>

4 Contingent liabilities

The company has entered into a cross guarantee with various other group companies to secure their banking facilities.

**Notes to the financial statements (continued)
for the year ended 31 December 2017**

5 Operating lease commitments

The company as lessor

The company leases hire fleet, other vehicles and plant and equipment to third parties. The future minimum lease payments receivable under those non-cancellable leases are as follows:

	2017	2016
	Other vehicles, Plant and equipment £'000	Other vehicles, Plant and equipment £'000
Not later than one year	653	571
Later than one year not later than five years	602	611
Later than five years	-	-
Total future minimum lease payments	<u>1,255</u>	<u>1,182</u>

6 Parent undertakings

The ultimate parent company is Dawsongroup plc and the immediate parent company is Dawsonrentals Limited. Both of the directors of D.G. Finance Limited, during the year were also directors of Dawsongroup plc.

Throughout the year D.G. Finance Limited was ultimately under the control of trusts the beneficiary of which is P M Dawson, Chairman of Dawsongroup plc, including his immediate family, the controlling shareholders of that company.

The largest and smallest group for which the results of the company are consolidated is that headed up by Dawsongroup plc. The consolidated financial statements of Dawsongroup plc can be obtained from:

Dawsongroup plc
Delaware Drive
Tongwell
Milton Keynes
Bucks
MK15 8JH

7 Related party transactions

Advantage has been taken of the exemption conferred by Section 33 *Related Party Disclosures* not to disclose transactions with fellow members of the Dawsongroup plc group where 100% of the voting rights are controlled within the group.