

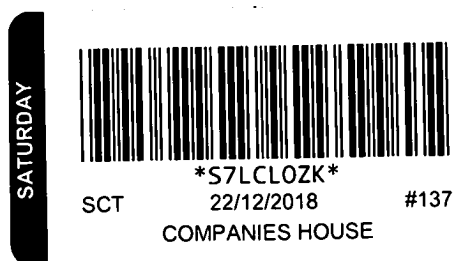
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Registered number: SC264677

# DAWSON ENERGY LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



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**DAWSON ENERGY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	G T Hacon S Copeman S J B Brand (resigned 15 September 2017)
<b>Registered number</b>	SC264677
<b>Registered office</b>	Units A & B Linton Business Park Linton Road, Gourdon Montrose Angus United Kingdom DD10 0NH
<b>Independent auditors</b>	Larking Gowen LLP Chartered Accountants & Statutory Auditors King Street House 15 Upper King Street Norwich NR3 1RB

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**DAWSON ENERGY LIMITED**

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## DAWSON ENERGY LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### Introduction

The directors present their strategic report and the audited financial statements of Dawson Energy Limited for the year ended 31 March 2018.

#### Business review

The Company's principal activity is the installation, servicing, and maintenance of onshore and offshore wind turbines.

The Company performed in line with the directors' expectations given:

- The Company made significant structural changes to its business during 2017 that have resulted in a simplified and more focused business model. This process focused on the delivery of value added services to customers but also delivered significant cost savings, with the full benefit of these savings not being seen in the year ended 31 March 2018. This process continued into the year ending 31 March 2019.
- The Company has continued to strengthen its position in the renewables market through the evolution and differentiation of existing service lines, the development of new offerings to the market, building deeper relationships with existing and new customers, and through the continued significant investment in training and competence development of its highly skilled workforce (2018: £1,358k, 2017: £1,295k).

#### Principal risks and uncertainties

The Company operates in the renewables sector and the directors are aware of the standard risks that apply to businesses operating in this sector. The directors do not see any unusual risks or uncertainties at this time, other than those arising from the general economic conditions.

The renewables sector continues to grow with the European countries committed to increasing the energy generated from wind power and this is being led by Denmark, Germany and the UK with a particular focus on offshore capacity. This continues to present opportunities to the Company in terms of construction and installation activity and also in the operation and maintenance phase of the wind farm lifecycle – the Company is well positioned to capitalise on these opportunities. The principal risks to the installation of further wind farms is the political and planning process and the cost of installing the turbines. Both of these may delay the construction of additional wind farms that have been planned, but is not expected to prevent these as European governments remain keen to meet renewable energy growth targets.

The Company operates throughout Europe and the potential impact of Brexit remains uncertain. The directors do not believe it will have an impact in the short term but the mid to longer term horizon will be dependent on the outcome of Brexit negotiations. On that basis, the ongoing Brexit process needs to be monitored so that any potential impacts, or opportunities, can be investigated and the directors continue to assess additional markets outside of the European Union so that the Company is prepared should Brexit have a negative impact on its European operations.

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## DAWSON ENERGY LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### a) Financial risk

The Company's operations expose it to a variety of financial risks that include liquidity risk, foreign exchange risk and credit risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company.

##### *Liquidity risk*

Liquidity risk is managed through a robust assessment of working capital needs and retaining sufficient cash and access to borrowings to ensure the Company has sufficient available funds for operations and planned expansion.

##### *Foreign exchange risk*

Foreign exchange risk arises from cash flows associated with contracting in overseas currencies. The Company manages this risk through a robust assessment of cashflows in overseas currencies, monitoring foreign exchange rates and, where appropriate, entering to derivative financial instruments.

##### *Credit risk*

Credit risk arises from transactions with third party customers. The Company has policies which require appropriate credit checks on potential customers, regular review of the utilisation of individual customer credit limits and rigorous credit control procedures.

#### b) Operations

The Company's ability to successfully deliver what their customers require is material to its continued growth and development.

3Sun Group maintains its existing ISO 9001 quality management and ISO 14001 environmental management systems (accredited by BSI) with the aim of enhancing customer satisfaction through the effective application of the systems, including processes for continual improvement of the systems and the assurance of conformity to customer requirements.

#### c) Health and Safety

Health and safety is of prime importance to the Company, and the Company is committed to continual improvement of its performance. The Company maintains its existing ISO 18001 health and safety management system (accredited by BSI), which through its operation, aims to ensure a safe and healthy environment for our employees, customers and all those affected by our activities.

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**DAWSON ENERGY LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Financial key performance indicators**

The directors use a range of financial and non-financial key performance indicators to monitor the company's performance over time. The directors consider the following to be key performance indicators:

	2018 £	2017 £
Revenue	13,343,043	10,509,287
Underlying Adjusted EBITDA	1,460,694	907,953
Net assets	1,660,317	1,937,875
Number of employees	193	149

The Underlying Adjusted EBITDA is, in the opinion of the director's, the most appropriate measure of the Company's profitability. Underlying Adjusted EBITDA is the operating profit less interest, tax, depreciation, amortisation, profit/loss on disposal of fixed assets, foreign exchange gains/losses, and any items that do not reflect the true trading performance in the year including training costs in the year.

This approach to training is adopted because the Company continues to make a significant investment in training its highly skilled technician pool with an investment of £1,358k in 2018 (2017: £1,295k) and as reported in the 2017 3sun Group Limited consolidated accounts, in the opinion of the directors, the benefits of this investment accrue over a period of time into the future but FRS 102 requires this investment to be treated as a cost as incurred. On that basis, the directors believe the underlying financial position and performance to be better than that shown in the income statement and statement of financial position and adopt this approach.

Further details of the Underlying Adjusted EBITDA are set out in the table below:

	2018 £	2017 £
Loss before tax	(312,165)	(533,906)
Adjustments for:		
Group management charge in relation to fixed assets / depreciation	380,753	85,844
(Gains)/losses on foreign exchange	(42,106)	31,202
Net interest payable and similar charges	67,721	29,857
Restructuring costs	7,954	-
Training	1,358,537	1,294,956
<b>Underlying Adjusted EBITDA</b>	<b>1,460,694</b>	<b>907,953</b>

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**DAWSON ENERGY LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Employees**

The Company operates a wide range of employment policies in place to ensure that employees are treated properly and fairly, these include diversity and equal opportunities. The Company is committed to a programme of employee development with training and structured career progression.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the performance of the Company as a whole.

Full and fair consideration is given to applications for employment made by disabled and part time persons having regard to their particular aptitude and abilities. Appropriate training is arranged for disabled persons, including the retraining for alternative work of employees who may become disabled, to promote their career development within the organisation.

**Environmental matters**

The Company maintains its existing ISO 14001 environmental management system (accredited by BSI), to ensure that it conducts its business in a manner that minimises negative and maximises positive environmental impacts. The Company objectives are regularly and clearly communicated across the organisation as part of corporate strategy communication and are achieved through the active participation of all our employees.

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



**G T Hacon**  
Director

Date: 17 DECEMBER 2018

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## DAWSON ENERGY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### Principal activity

The principal activity of the company is that of wind turbine installation, inspection, operation and maintenance.

#### Results and dividends

The loss for the year, after taxation, amounted to £277,558 (2017 - loss £424,369).

Dividends declared and paid to the shareholders in the year amounted to £nil (2017: £nil).

#### Directors

The directors who served during the year were:

G T Hacon  
S Copeman  
S J B Brand (resigned 15 September 2017)



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**DAWSON ENERGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Disclosure of information to auditors**

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

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

**Post balance sheet events**

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

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



**G T Hacon**  
Director

Date: 17 DECEMBER 2018

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## DAWSON ENERGY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAWSON ENERGY LIMITED

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#### Opinion

We have audited the financial statements of Dawson Energy Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other Information

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

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## DAWSON ENERGY LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAWSON ENERGY LIMITED (CONTINUED)

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 5, 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.

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**DAWSON ENERGY LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAWSON ENERGY LIMITED  
(CONTINUED)**

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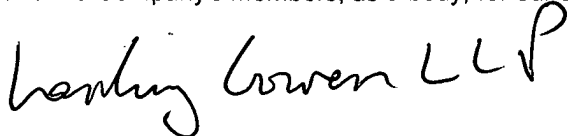
**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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



Anders Rasmussen FCA (Senior Statutory Auditor)

for and on behalf of  
**Larking Gowen LLP**

Chartered Accountants  
Statutory Auditors

King Street House  
15 Upper King Street

Norwich

NR3 1RB

Date: 20/12/2018

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**DAWSON ENERGY LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2018**

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	Note	2018 £	2017 £
Turnover	4	13,343,043	10,509,287
Cost of sales		(9,397,674)	(7,069,933)
<b>Gross profit</b>		<b>3,945,369</b>	<b>3,439,354</b>
Administrative expenses		(4,189,813)	(3,943,403)
<b>Operating loss</b>	5	<b>(244,444)</b>	<b>(504,049)</b>
Interest payable and similar expenses	8	(67,721)	(29,857)
<b>Loss before tax</b>		<b>(312,165)</b>	<b>(533,906)</b>
Tax on loss	9	34,607	109,537
<b>Loss after tax</b>		<b>(277,558)</b>	<b>(424,369)</b>
Retained earnings at the beginning of the year		1,937,775	2,362,144
		1,937,775	2,362,144
Loss for the year		(277,558)	(424,369)
<b>Retained earnings at the end of the year</b>		<b>1,660,217</b>	<b>1,937,775</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 25 form part of these financial statements.

**DAWSON ENERGY LIMITED**  
**REGISTERED NUMBER: SC264677**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	10	-	349,179
		-	349,179
<b>Current assets</b>			
Stocks	11	-	12,233
Debtors: amounts falling due within one year	12	3,642,204	5,612,018
Cash at bank and in hand		50,925	295,878
		3,693,129	5,920,129
Creditors: amounts falling due within one year	13	(2,032,812)	(4,331,433)
<b>Net current assets</b>		1,660,317	1,588,696
<b>Total assets less current liabilities</b>		1,660,317	1,937,875
<b>Net assets</b>		1,660,317	1,937,875
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Profit and loss account		1,660,217	1,937,775
		1,660,317	1,937,875

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



**G T Hacon**  
Director

Date: 17 DECEMBER 2018

The notes on pages 12 to 25 form part of these financial statements.

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## DAWSON ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

Dawson Energy Limited is a private company limited by shares and incorporated in Scotland, registration number SC264677. The registered office is Units A & B Linton Business Park, Linton Road, Gourdon, Montrose, Angus, DD10 0NH.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of 3Sun Group Limited as at 31 March 2018 and these financial statements may be obtained from 3Sun House, Boundary Road, Southtown, Great Yarmouth, Norfolk, NR31 0FB.

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## DAWSON ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.3 Turnover

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

##### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.4 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% to 25% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.



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## DAWSON ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.5 Stocks

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

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

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Cash and cash equivalents

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

##### 2.8 Financial instruments

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

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

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

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

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## DAWSON ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.8 Financial instruments (continued)

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

##### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.10 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

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

##### 2.11 Finance costs

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

##### 2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

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## DAWSON ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.13 Pensions

###### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.14 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

##### 2.15 Current and deferred taxation

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

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

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

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

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

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**DAWSON ENERGY LIMITED**

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

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

**Key accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. By definition, the actual result will seldom equal the related estimated results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

*Useful economic life of tangible assets*

The annual depreciation charge for tangible assets is sensitive to change in the estimated useful economic lives and/or the residual values of the assets. The estimated useful economic lives and the residual values of the assets are reviewed annually and where necessary are amended to reflect current estimates, based on technological advances, economic utilisation of the asset and the physical condition of the asset.

*Debtor provisions*

The company estimates the recoverable value of trade and other debtors. When assessing recoverability, management considers the current credit rating of the debtor, the aged debtor profile and historical experience.

**4. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	11,348,607	7,229,118
Rest of Europe	1,994,436	3,280,169
	<u>13,343,043</u>	<u>10,509,287</u>

**5. Operating loss**

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	-	85,844
Exchange differences	(42,106)	31,202
Operating lease rentals	12,135	12,944
Defined contribution pension cost	62,005	63,258
	<u>          </u>	<u>          </u>

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

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6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,000</u>	<u>23,459</u>

7. Employees

Staff costs were as follows:

	2018 £	As restated 2017 £
Wages and salaries	6,913,423	4,374,450
Social security costs	776,167	677,111
Cost of defined contribution scheme	62,005	63,258
	<u>7,751,595</u>	<u>5,114,819</u>

Prior year figures have been restated to remove subcontractor costs to align with the group policy.

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

	2018 No.	2017 No.
Directors	2	2
Operational	180	134
Administrative	11	13
	<u>193</u>	<u>149</u>

Operational employee numbers in 2018 are based on the total number of operational employees included in the monthly payroll and do not reflect the full time equivalent employee numbers.

No directors received any emoluments from the company in either the current or prior year.

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8. Interest payable and similar charges

	2018 £	2017 £
Bank interest payable	58	5,697
Other interest payable	67,663	24,160
	<u>67,721</u>	<u>30,857</u>

9. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on loss for the year	(7,570)	13,081
<b>Total current tax</b>	<u>(7,570)</u>	<u>13,081</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(41,278)	41,278
Adjustment in respect of prior years	-	(43,348)
Recognition of deferred tax on tax losses	14,241	(120,548)
<b>Total deferred tax</b>	<u>(27,037)</u>	<u>(122,618)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(34,607)</u>	<u>(109,537)</u>

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9. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(312,165)	(533,906)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(59,311)	(101,442)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(10,033)	-
Adjustments to tax charge in respect of prior periods	(7,570)	-
Other timing differences leading to an increase (decrease) in taxation	43,376	-
Difference in rate between deferred tax and corporation tax	(1,069)	(8,095)
<b>Total tax credit for the year</b>	<b>(34,607)</b>	<b>(109,537)</b>

**DAWSON ENERGY LIMITED**

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

**9. Taxation (continued)**

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the year end date have been measured using these enacted tax rates and are reflected in these financial statements.

**10. Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
At 1 April 2017	486,194	50,225	107,398	643,817
Transfers intra group	(486,194)	(50,225)	(107,398)	(643,817)
At 31 March 2018	-	-	-	-
At 1 April 2017	185,079	46,599	62,960	294,638
Transfers intra group	(185,079)	(46,599)	(62,960)	(294,638)
At 31 March 2018	-	-	-	-
<b>Net book value</b>				
At 31 March 2018	-	-	-	-
At 31 March 2017	301,115	3,626	44,438	349,179

All fixed assets were transferred to the parent company, 3Sun Group Limited, for consideration equal to their net book value at the beginning of the year.



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DAWSON ENERGY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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**11. Stocks**

	2018 £	2017 £
Raw materials and consumables	-	12,233
	<u>-</u>	<u>12,233</u>

An impairment loss of £12,233 (2017 - £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

The difference between the cost of stocks stated above and their replacement cost is not material.

**12. Debtors**

	2018 £	2017 £
Trade debtors	1,206,622	3,725,551
Amounts owed by group undertakings	1,554,670	1,006,779
Other debtors	2,726	41,315
Prepayments and accrued income	771,879	759,103
Deferred taxation	106,307	79,270
	<u>3,642,204</u>	<u>5,612,018</u>

Trade debtors are stated after provisions for impairment of £18,465 (2017 - £nil).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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**DAWSON ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	227,605	624,150
Amounts owed to group undertakings	121,477	-
Other taxation and social security	161,680	354,808
Proceeds of factored debts	942,125	2,402,913
Other creditors	4,298	1,513
Accruals and deferred income	575,627	948,049
	<u>2,032,812</u>	<u>4,331,433</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The invoice discounting balance of £942,125 (2017: £2,402,913) is secured on the trade debtors balance.

**14. Deferred taxation**

	2018 £
At beginning of year	79,270
Credited to profit or loss	27,037
<b>At end of year</b>	<u><b>106,307</b></u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated Capital Allowances	-	(41,278)
Tax Losses Carried Forward	106,307	120,548
	<u>106,307</u>	<u>79,270</u>

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

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**15. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**16. Contingent liabilities**

The company has provided a cross-guarantee to fellow group members in respect of invoice discounting facilities in favour of RBS Invoice Finance Limited.

The company has provided a guarantee for National Westminster Bank Plc in respect of a loan taken out by a fellow group member, 3Sun Limited, for £750,000 supported by a bond and floating charge by the company over its whole property and undertaking. As at the end of the year an amount of £nil (2017: £Nil) was outstanding on this loan.

**17. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £62,005 (2017 - £63,258). Contributions totalling £52,729 (2017 - £8,164) were payable to the fund at the reporting date and are included in creditors.

**18. Commitments under operating leases**

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

	2018 £	2017 £
Not later than 1 year	-	7,221
	<u>-</u>	<u>7,221</u>

**19. Related party transactions**

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the 3Sun Group.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Controlling party**

The immediate parent undertaking is 3Sun Group Limited, which is the smallest and largest group to consolidate these financial statements. Copies of the 3Sun Group Limited consolidated financial statements can be obtained from the company secretary at 3Sun House, Boundary Road, Southtown, Great Yarmouth, Norfolk, NR31 0FB.

The ultimate controlling parties of the company are G T Hacon and L R Hacon, by way of their controlling shareholding in the share capital of the immediate parent company.