



Grant Thornton

Unaudited  
Financial statements  
Churngold Building Services  
Limited

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**For the Period from** 18 February 2008 to 31 May 2009

**Company No. 6507819**

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## Report of the directors

The directors present their report and the financial statements of the company for the period ended 31 May 2009.

### Principal activities and business review

The company was incorporated on 18 February 2008 and started trading during March 2008.

The principal activities of the company are the provision of brickwork, blockwork and concrete deck services to the construction industry, operating mainly in the Retail, PFI, Healthcare and Education Sectors.

The business is led by a strong and experienced management team who have secured a number of large projects towards the end of the first financial period which will deliver turnover and profitability going forward.

The directors are confident of the success of this business and will continue to provide the necessary financial resources and support to deliver and grow its current customer base and order book.

### Results and dividends

The loss for the year, after taxation, amounted to £113,000. No dividend is proposed.

### Directors

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

J R Ancell	(Chairman)
M G Lynch	(Managing Director)
R K McCabe	(Director)
J D Barcham	(Director)
A R Brown	(Director)
R N Tredwin	(Financial Director)

All directors were appointed on 2 September 2008.

### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD

R N Tredwin  
Secretary  
14 August 2009



## Chartered accountants' report to the board of directors on the unaudited financial statements of Churngold Building Services Limited

In accordance with the engagement letter dated 2 July 2009, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the unaudited financial statements of the company for the year ended 31 May 2009 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the unaudited financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of unaudited financial statements.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare unaudited financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the unaudited financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the unaudited financial statements.

GRANT THORNTON UK LLP  
CHARTERED ACCOUNTANTS

Bristol  
14 August 2009

## Principal accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

### Going concern

The directors consider that the company has sufficient resources available in terms of related party funding to justify preparing the financial statements on a going concern basis.

### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised): Cash Flow Statements, from including a cash flow statement in the financial statements on the grounds that the company is small.

### Turnover

Turnover is the total amount receivable for goods and services provided, net of VAT and trade discounts. In the case of long term contracts, turnover represents the sale value of work done in the year.

### Fixed assets

All fixed assets are initially recorded at cost.

### Depreciation

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

Plant & Machinery                    -            over 3 to 5 years (straight line)

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Pension costs

The company contributes to the personal pensions of all employees. Contributions are charged to the profit and loss account as incurred.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### Long-term contracts

Turnover and related costs on each long-term contract are recorded in the profit and loss account as contract activity progresses. Turnover is calculated on the basis of the value of the work done. Attributable profit is calculated for each contract by reference to the contract's cumulative turnover, total contract value and total profit estimated for the completed contract. Full provision is made for losses on a contract immediately they can be foreseen. The value of work completed at the year end for which no sales invoice has been raised or no certification paid is included in amounts recoverable on long-term contracts.

## Profit and loss account

	<b>Note</b>	<b>2009</b>
		<b>£ 000</b>
Turnover	1	<b>516</b>
Cost of sales		<b>(408)</b>
Gross profit		<b>108</b>
Other operating charges	2	<b>(217)</b>
<b>Operating loss</b>	3	<b>(109)</b>
Interest receivable		<b>1</b>
Interest payable and similar charges	6	<b>(5)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(113)</b>
Tax on loss on ordinary activities	7	<b>-</b>
<b>Loss for the financial year</b>	15	<b>(113)</b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2009 £000
<b>Fixed assets</b>		
Tangible assets	8	<u>2</u>
<b>Current assets</b>		
Debtors	9	173
Cash at bank		<u>-</u>
		173
<b>Creditors: amounts falling due within one year</b>	10	<u>(258)</u>
<b>Net current liabilities</b>		<u>(85)</u>
<b>Total assets less current liabilities</b>		<u>(83)</u>
<b>Provisions for liabilities</b>		
Deferred taxation		<u>-</u>
		<u>(83)</u>
<b>Capital and reserves</b>		
Called-up share capital	14	30
Profit and loss account	15	<u>(113)</u>
<b>Shareholders' deficit</b>	16	<u>(83)</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the unaudited financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing unaudited financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to unaudited financial statements, so far as applicable to the company.

These unaudited financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These unaudited financial statements were approved by the directors on 14 August 2009 and are signed on their behalf by:

J R Ancell  
Director

The accompanying accounting policies and notes form part of these financial statements.

## Notes to the financial statements

### 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	<b>2009</b>
	<b>£ 000</b>
United Kingdom	<b>516</b>

### 2 Other operating charges

	<b>2009</b>
	<b>£000</b>
Administrative expenses	<b>217</b>

### 3 Operating profit

Operating profit is stated after charging:

	<b>2009</b>
	<b>£ 000</b>
Operating lease costs:	
Plant and equipment	<b>18</b>
Other	<b>-</b>

### 4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	<b>2009</b>
	<b>No</b>
Operatives	<b>-</b>
Administration and managerial	<b>3</b>

The aggregate payroll costs of the above were:

	<b>2009</b>
	<b>£000</b>
Wages and salaries	172
Social security costs	19
Other pension costs	8
	<u>199</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	<b>2009</b>
	<b>£000</b>
Emoluments receivable	93
Value of company pension contributions to money purchase schemes	5
	<u>98</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2009</b>
	<b>No</b>
Money purchase schemes	<u>1</u>

**6 Interest payable and similar charges**

	<b>2009</b>
	<b>£000</b>
Interest payable on related party loans	<u>5</u>

**7 Taxation on ordinary activities**

(a) Analysis of charge in the year

	<b>2009</b>
	<b>£</b>
<b>Current tax</b>	
UK Corporation tax based on the results for the year at 21%	-
Total current tax	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>

7 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21%.

	<b>2009</b>
	<b>£ 000</b>
Loss on ordinary activities before taxation	<b>(113)</b>
Loss on ordinary activities by rate of tax	<b>(24)</b>
Expenses not deductible for tax purposes	<b>2</b>
Losses carried forward	<b>22</b>
Total current tax (note 7(a))	<b>-</b>

8 Tangible fixed assets

	<b>Plant &amp; Machinery</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Cost		
Additions	2	2
At 31 May 2009	<u>2</u>	<u>2</u>
Depreciation		
Charge for the year	-	-
At 31 May 2009	<u>-</u>	<u>-</u>
Net Book Value		
At 31 May 2009	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

There are no assets held under hire purchase agreements.

9 Debtors

	<b>2009</b>
	<b>£000</b>
Trade debtors	1
Amounts owed by related undertakings	8
Amounts recoverable on contracts	153
Other debtors	11
	<u>173</u>

10 Creditors: amounts falling due within one year

	<b>2009</b>
	<b>£000</b>
Trade creditors	78
Bank overdraft	15
PAYE and social security	3
Amounts owed to related undertakings	101
Accruals and deferred income	61
	<u>258</u>

Included within amounts owed to related undertakings is a loan of £100,000 from Churngold Construction Holdings Limited which is secured on the assets of this company.

11 Pensions

The company operates defined contribution schemes for the benefit of all employees. The assets of the schemes are administered by trustees in a fund independent from those of the company.

12 Contingent liabilities

There are no contingent liabilities at 31 May 2009.

The company has available facilities in respect of performance bonds entered into in the normal course of business. The performance bond provider holds a letter of cross guarantee between the company and Churngold Construction Holdings Ltd.

**13 Related party transactions**

During the year, the company undertook the following transactions and had amounts owing to/from Churngold Recycling Limited and the Churngold Construction Holdings Group of Companies where J R Ancell is both a director and able to exercise more than 20% of the votes, as at 31 May 2009:

	<b>Purchases</b>	<b>Sales</b>	<b>Owed to</b>	<b>Owed by</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>2009</b>				
Churngold Construction Limited	20	68	1	8
Churngold Construction Holdings Limited	-	-	100	-
Churngold Recycling Limited	2	-	-	-
	<u>22</u>	<u>68</u>	<u>101</u>	<u>8</u>

**14 Share capital**

Authorised share capital:

	<b>2009</b>
	<b>£000</b>
300,000 Ordinary shares of £0.10 each	<u><b>30</b></u>

Allotted, called up and fully paid:

	<b>2009</b>	
	<b>No</b>	<b>£ 000</b>
Allotted, called up and fully paid:		
300,000 Ordinary shares of £0.10 each	<u><b>30,000</b></u>	<u><b>30</b></u>

**15 Profit and loss account**

	<b>2009</b>
	<b>£000</b>
Balance brought forward	-
Loss for the financial year	<u>(113)</u>
Balance carried forward	<u>(113)</u>

16 Reconciliation of movements in shareholders' funds

	<b>2009</b>
	<b>£000</b>
Loss for the financial year	<b>(113)</b>
Capital introduced	<b>30</b>
Net reduction in shareholders' funds	<b>(83)</b>
Opening shareholders' funds	<b>-</b>
Closing shareholders' funds	<b>(83)</b>

17 Capital commitments

The directors have confirmed that there were no capital commitments at 31 May 2009.

18 Ultimate parent company and controlling related party

The directors consider there is no controlling related party.