



Financial statements
Churngold Construction
Holdings Limited and
its subsidiary
undertakings

For the Year Ended 31 May 2009

Company information

Company registration number	4268945
Registered office	St Andrews House St Andrews Road Avonmouth Bristol BS11 9DQ
Directors	J R Ancell (Chairman) A R Brown (Managing Director) R N Tredwin (Finance Director) T S Ross (Non-Executive)
Secretary	R N Tredwin
Bankers	Bank of Scotland 21 Prince Street Bristol BS99 7JG
Solicitors	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Hartwell House 55 - 61 Victoria Street BRISTOL BS1 6FT

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Report of the directors

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

Principal activities and business review

The principal activities of the group are ground works, enabling works, civil engineering services and the construction, repair and maintenance of car parks, access roads and highways.

The principal activity of the company is to act as a holding company.

The business has performed well given the difficult market conditions and the Directors will continue to ensure that the strengthening cash backed balance sheet is maintained going forward.

The contract base continues to be broadly spread across Retail, PFI, Healthcare and Education, however we envisage a further shift towards Public sector works going forward.

Future developments

The Construction Industry continues to be challenging, however the improved level of work in hand leaves the business well placed for the next financial year.

Results and dividends

The profit for the year, after taxation, amounted to £518,000. Particulars of dividends proposed are detailed in note 10 to the financial statements.

Key performance indicators (continuing operations)

		2009	2008	Change in the year
Financial metrics				
Group revenue	£000	27,666	45,530	-39%
Group earnings before interest, tax, depreciation, amortisation and central costs	£000	1,915	2,621	-27%
Work in hand as % of next year's budget	%	64	33	+94%
People				
Staff as at 31 May	Construction	136	203	
	Surfacing	7	7	
	Holdings	5	5	
	Total	148	215	-31%

Funding and risk management objectives and policies

The main risks arising are liquidity, credit and interest rate risks. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity

The group uses loan stock funds provided by the Directors, hire purchase facilities provided by various major high street lenders and overdraft facilities provided by Bank of Scotland. At the year end the group had access to undrawn committed borrowing facilities of £750,000. The maturity profile of committed banking facilities is regularly reviewed and such facilities are extended or replaced well in advance of their expiry. The group does not enter into speculative financial transactions and uses financial instruments (e.g. Trade Credit Insurance) for certain risk management purposes.

Credit Risk

The group's principal financial assets are cash, trade debtors and amounts recoverable on contracts. The group limits deposits to short term deposits with its bankers. The principal credit risk arises therefore from its debtors/amounts recoverable on contracts.

In order to manage this risk all jobs and customers are credit checked at contract stage and credit insurance is arranged on the majority of debts.

Interest Rate Risk

The group reduces exposure to interest rates through a mixture of fixed rate loan stock and hire purchase arrangements and variable rates for overdraft facilities.

Directors

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

J R Ancell
A R Brown
R N Tredwin
T S Ross

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

R N Tredwin
Secretary
14 August 2009



Report of the independent auditor to the members of Churngold Construction Holdings Limited

We have audited the financial statements of Churngold Construction Holdings Limited for the year ended 31 May 2009 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement 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).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors

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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2009 and of the group's profit 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.

Report of the independent auditor to the members of Churngold Construction Holdings Limited and its subsidiary undertakings (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

James Morter
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, 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.

The principal accounting policies of the group have remained unchanged from the previous year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its estimated useful economic life. The results of companies acquired or disposed of are included in the consolidated profit and loss account, after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

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 sales value of work done in the year.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings is capitalised and amortised over the period during which the company is expected to benefit.

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:

Leasehold improvements	-	over the life of the lease
Plant & Machinery	-	over 3 to 8 years (straight line)
Motor Vehicles	-	over 1 to 7 years (straight line)

No depreciation is provided on freehold land.

Investments

Investments are included at cost.

Finance lease agreements

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the capital element which reduces the outstanding obligations for future instalments, and the finance element, which represents a constant proportion of the outstanding obligation for future instalments and is charged to the profit and loss account over the period of the lease.

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 group 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 group 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.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share-based payment

Equity-settled share-based payment.

All material share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "other reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

In the opinion of the directors the potential charge arising under FRS 20 is not material to these financial statements and so has not been recognised.

Consolidated profit and loss account

	Note	2009 £000	2008 £000
Group Turnover	1	27,666	45,530
Cost of sales		(24,027)	(40,822)
Gross profit		3,639	4,708
Other operating charges	2	(2,917)	(3,342)
Operating profit	3	722	1,366
Interest receivable	6	145	267
Interest payable and similar charges	7	(106)	(134)
Profit on ordinary activities before taxation		761	1,499
Tax on profit on ordinary activities	8	(243)	(470)
Profit for the financial year	25	518	1,029

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

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

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

Consolidated balance sheet

	Note	2009 £000	2008 £000
Fixed assets			
Intangible assets	11	210	282
Tangible assets	12	2,324	2,568
		<u>2,534</u>	<u>2,850</u>
Current assets			
Debtors	14	5,251	8,913
Cash at bank and in hand		3,820	3,802
		<u>9,071</u>	<u>12,715</u>
Creditors: amounts falling due within one year	15	<u>8,606</u>	<u>11,956</u>
Net current assets		<u>465</u>	<u>759</u>
Total assets less current liabilities		<u>2,999</u>	<u>3,609</u>
Creditors: amounts falling due after more than one year	16	759	1,424
		<u>2,240</u>	<u>2,185</u>
Provision for liabilities			
Deferred taxation	19	66	126
		<u>2,174</u>	<u>2,059</u>
Capital and reserves			
Called up share capital	23	6	6
Share premium account	24	269	269
Other reserves	24	385	385
Profit and loss account	24	1,514	1,399
Shareholders' funds	25	<u>2,174</u>	<u>2,059</u>

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

J R Ancell
 Chairman

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

Company balance sheet

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	12	1	1
Investments	13	1,162	1,162
		<u>1,163</u>	<u>1,163</u>
Current assets			
Debtors	14	523	470
Cash at bank and in hand		461	448
		<u>984</u>	<u>918</u>
Creditors: amounts falling due within one year	15	<u>658</u>	1,026
Net current assets/(liabilities)		<u>326</u>	(108)
Total assets less current liabilities		<u>1,489</u>	1,055
Creditors: amounts falling due after more than one year	16	-	-
		<u>1,489</u>	<u>1,055</u>
Capital and reserves			
Called up share capital	23	6	6
Share premium account	24	269	269
Other reserves	24	385	385
Profit and loss account	24	829	395
Shareholders' funds		<u>1,489</u>	<u>1,055</u>

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

J R Ancell
 Chairman

Consolidated cash flow statement

	Note	2009	2008
		£000	£000
Net cash inflow from operating activities	26	1,769	2,808
Returns on investments and servicing of finance	26	22	106
Taxation	26	(163)	(510)
Capital expenditure and financial investment	26	(441)	498
Equity dividends paid		(605)	(202)
Cash inflow before financing		582	2,700
Financing	26	(564)	(1,543)
Increase in cash	26	18	1,157

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the group. An analysis of turnover is given below:

	2009	2008
	£000	£000
United Kingdom	27,666	45,530

2 Other operating charges

	2009	2008
	£000	£000
Administrative expenses	2,917	3,342

3 Operating profit

Operating profit is stated after charging/(crediting):

	2009	2008
	£000	£000
Amortisation	72	72
Depreciation of owned fixed assets	138	118
Depreciation of assets held under hire purchase agreements	540	439
Loss/(Profit) on disposal of fixed assets	7	(58)
Auditor's remuneration:		
Audit fees	12	16
Non-audit fees	5	7
Operating lease costs:		
Plant and equipment	2,662	5,383
Other	72	97

Liability Limitation Agreement with the auditor

The directors propose that the group enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 May 2009. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval at the forthcoming Annual General Meeting.

4 Particulars of employees

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

	2009	2008
Operatives	118	186
Administration and managerial	49	56
	<u>167</u>	<u>242</u>

The aggregate payroll costs of the above were:

	2009	2008
	£000	£000
Wages and salaries	6,409	9,335
Social security costs	672	879
Other pension costs	201	342
	<u>7,282</u>	<u>10,556</u>

5 Directors

Remuneration in respect of directors was as follows:

	2009	2008
	£000	£000
Emoluments receivable	535	692
Value of company pension contributions to money purchase schemes	83	188
Unrealised gain made on exercise of EMI share options	41	61
	<u>659</u>	<u>941</u>

Emolument of highest paid director:

	2009	2008
	£000	£000
Total emoluments (excluding pension contributions)	246	298
Value of company pension contributions to money purchase schemes	33	69
	<u>279</u>	<u>367</u>

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

	2009	2008
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

Share options have been issued to certain directors which will be satisfied from existing share capital. Two directors exercised share options during the year (2008 - two).

6 Interest receivable

	2009	2008
	£000	£000
Bank interest receivable	132	225
Interest receivable from related undertakings	13	42
	145	267

7 Interest payable and similar charges

	2009	2008
	£000	£000
Loan stock interest payable	-	13
Finance charges payable under hire purchase agreements	100	115
Interest on other loans	6	6
	106	134

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£000	£000
Current tax		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008 - 28%)	303	423
(Over)/under provision in prior year	-	-
Total current tax	303	423
Deferred tax:		
Origination and reversal of timing differences (note 19)	(60)	47
Tax on profit on ordinary activities	243	470

8 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the Profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28%).

	2009	2008
	£	£
Profit on ordinary activities before taxation	761	1,499
Profit on ordinary activities by rate of tax	213	420
Expenses not deductible for tax purposes	10	10
Capital allowances for period less than/(in excess of) depreciation	60	(51)
Consolidation of goodwill	20	20
Change in rate of taxation	-	26
Income not taxable	-	(2)
Current tax (note 8(a))	303	423

9 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £837,000 (2008 - £804,000).

10 Dividends

Dividends on shares classed as equity

	2009	2008
	£000	£000
Declared at the year end (recognised as a liability):		
Dividend on ordinary shares	403	605

11 Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 June 2008 and 31 May 2009	720
Amortisation	
At 1 June 2008	438
Charge for the year	72
At 31 May 2009	510
Net Book Value	
At 31 May 2009	210
At 31 May 2008	282

Goodwill relates to the acquisition of the Churngold Construction Limited group and is being amortised evenly over its estimated useful economic life of 10 years.

12 Tangible fixed assets

Group	Freehold Land £000	Plant & Machinery £000	Motor Vehicles £000	Leasehold Improvements £000	Total £000
Cost					
At 1 June 2008	-	3,440	101	62	3,603
Additions	431	176	29	1	637
Disposals	-	(389)	(55)	-	(444)
At 31 May 2009	431	3,227	75	63	3,796
Depreciation					
At 1 June 2008	-	913	62	60	1,035
Charge for the year	-	661	16	1	678
On disposals	-	(199)	(42)	-	(241)
At 31 May 2009	-	1,375	36	61	1,472
Net Book Value					
At 31 May 2009	431	1,852	39	2	2,324
At 31 May 2008	-	2,527	39	2	2,568

12 Tangible fixed assets (continued)

Included within the net book value of £2,324,000 is £1,471,000 (2008 - £2,201,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £540,000 (2008 - £439,000).

Company	Plant & Machinery £000	Leasehold Improvements £000	Total £000
Cost or valuation			
At 1 June 2008	8	22	30
Additions	1	-	1
At 31 May 2009	<u>9</u>	<u>22</u>	<u>31</u>
Depreciation			
At 1 June 2008	7	22	29
Charge for the year	1	-	1
At 31 May 2009	<u>8</u>	<u>22</u>	<u>30</u>
Net Book Value			
At 31 May 2009	<u>1</u>	<u>-</u>	<u>1</u>
At 31 May 2008	<u>1</u>	<u>-</u>	<u>1</u>

13 Investments

Company	Group Companies £000
Cost at 1 June 2008 and 31 May 2009	<u>1,162</u>
Net Book Value	
At 31 May 2009	<u>1,162</u>
At 31 May 2008	<u>1,162</u>

Subsidiary Undertakings	Class of share capital held	Nature of business	Proportion held
Churngold Construction Limited	Ordinary	Groundworks and civil engineering	100%
Churngold Surfacing Limited *	Ordinary	Black top surfacing	100%

* 100% shares held by Churngold Construction Limited

14 Debtors

	The group		The company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade debtors	1,357	2,097	-	-
Amounts owed by group undertakings	-	-	85	170
Amounts recoverable on contracts	3,177	6,032	-	-
Amounts owed by related undertakings	560	525	433	281
Other debtors	38	122	5	19
Prepayments and accrued income	119	137	-	-
	5,251	8,913	523	470

Included within trade debtors are amounts of £210,000 (2008 - £335,000) in respect of retentions falling due after more than one year. Included within amounts owed by related parties is an amount of £nil (2008 - £120,000) in respect of a loan falling due after more than one year. Included within other debtors are amounts of £2,000 (2008 - £11,000) in respect of debts falling due after more than one year.

15 Creditors: amounts falling due within one year

	The group		The company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade creditors	2,910	6,003	5	7
Amounts due under hire purchase agreements	519	418	-	-
Proposed dividends	403	605	403	605
Corporation tax	216	76	-	-
Other taxation and social security	863	753	20	38
Amounts owed to related undertakings	61	231	3	-
Accruals and deferred income	3,634	3,870	227	376
	8,606	11,956	658	1,026

16 Creditors: amounts falling due after more than one year

	The group		The company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Amounts due under hire purchase agreements	759	1,356	-	-
Other creditors	-	68	-	-
	759	1,424	-	-

17 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	The group		The company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Amounts payable within 1 year	587	515	-	-
Amounts payable between 2 to 5 years	770	1,534	-	-
	1,357	2,049	-	-
Less interest and finance charges relating to future periods	(79)	(275)	-	-
	1,278	1,774	-	-

Finance leases and hire purchase agreements are analysed as follows:

	The group		The company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Current obligations (note 15)	519	418	-	-
Non-current obligations (note 16)	759	1,356	-	-
	1,278	1,774	-	-

Amounts due under finance lease and hire purchase agreements are secured on the assets to which they relate.

18 Pensions

The group 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.

19 Deferred taxation

The movement in the deferred taxation provision during the year was:

	The group		The company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Provision brought forward	126	79	-	-
(Decrease)/increase in provision	(60)	47	-	-
Provision carried forward	66	126	-	-

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2009		2008	
	Provided	Unprovided	Provided	Unprovided
	£000	£000	£000	£000
Excess of taxation allowances over depreciation on fixed assets	68	-	128	-
Short term timing differences	(2)	-	(2)	-
	66	-	126	-

Deferred taxation provided in the financial statements is as follows:

	Accelerated capital allowances	Short term timing differences	Total
	£000	£000	£000
At 1 June 2008	128	(2)	126
Movements during the year	(60)	-	(60)
At 31 May 2009	68	(2)	66

20 Commitments under operating leases

At 31 May 2009 the group had annual commitments under non-cancellable operating leases as set out below.

The group	2009		2008	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	-	24	9	38
Within 2 to 5 years	89	28	89	98
	89	52	98	136

21 Contingencies

There are contingent liabilities in respect of performance guarantees entered into in the normal course of business amounting to £1,279,000 as at 31 May 2009 (2008 - £1,589,000), £750,000 (2008 - £1,250,000) on behalf of Churngold Construction Limited, £299,000 (2008 - £189,000) on behalf of Churngold Remediation Limited, £150,000 (2008 - £150,000) on behalf of JWS Churngold Limited and £80,000 (2008 - £nil) on behalf of Churngold Building Services Limited. There is a cross guarantee between this company and Churngold Remediation Holdings Limited relating to bank borrowings. At 31 May 2009, the bank borrowings in Churngold Remediation Holdings Limited amounted to £315,000 (2008 - £nil).

22 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Churngold Construction Holdings Limited group of companies for the year.

During the year the group undertook the following transactions and had amounts owing to/from members of the Churngold Remediation Holdings Limited group, Churngold Recycling Limited, JWS Churngold Limited, PD Edenhall Estates Limited, Churngold Building Services Limited and MDS Technologies Limited, entities where J R Ancell is both a director and has an interest in the voting rights:

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2009				
Churngold Recycling Limited	230	243	41	134
Churngold Remediation Holdings Limited	-	17	-	-
Churngold Remediation Limited	54	147	12	-
JWS Churngold Limited	-	-	-	6
PD Edenhall Estates Limited	-	-	-	308
Churngold Building Services Limited	68	20	8	100
MDS Technologies Limited	-	108	-	12

22 Related party transactions (continued)

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2008				
Churngold Recycling Limited	1,721	244	208	257
Churngold Remediation Holdings Limited	-	115	-	11
Churngold Remediation Limited	2,360	356	23	1
JWS Churngold Limited	-	-	-	6
PD Edenhall Estates Limited	-	-	-	250

23 Share capital

	2009 £000	2008 £000
Authorised share capital		
1,000,000 'A' Ordinary shares of £0.10 each	100	100
1,000,000 'B' Ordinary shares of £0.10 each	100	100
	<u>200</u>	<u>200</u>

	2009		2008	
	No	£000	No	£000
Allotted, called up and fully paid:				
'A' Ordinary shares of £0.10 each	38,304	4	38,304	4
'B' Ordinary shares of £0.10 each	19,296	2	19,296	2
	<u>57,600</u>	<u>6</u>	<u>57,600</u>	<u>6</u>

24 Reserves

Group	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 1 June 2008	269	385	1,399
Profit for the year	-	-	518
Equity dividends	-	-	(403)
At 31 May 2009	<u>269</u>	<u>385</u>	<u>1,514</u>

24 Reserves (continued)

Company	Share premium account	Capital redemption reserve	Profit and loss account
	£000	£000	£000
At 1 June 2008	269	385	395
Profit for the year	-	-	837
Equity dividends	-	-	(403)
At 31 May 2009	<u>269</u>	<u>385</u>	<u>829</u>

25 Reconciliation of movements in shareholders' funds

	2009	2008
	£000	£000
Profit for the financial year	518	1,029
Equity dividends	(403)	(605)
Net additions to shareholders' equity funds	<u>115</u>	<u>424</u>
Opening shareholders' equity funds	2,059	1,635
Closing shareholders' equity funds	<u>2,174</u>	<u>2,059</u>

26 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£000	£000
Operating profit	722	1,366
Amortisation	72	72
Depreciation	678	557
Loss/(Profit) on disposal of fixed assets	7	(58)
Decrease/(increase) in debtors	3,679	(1,508)
(Decrease)/increase in creditors	(3,389)	2,379
Net cash inflow from operating activities	<u>1,769</u>	<u>2,808</u>

Returns on investments and servicing of finance

	2009	2008
	£000	£000
Interest received	128	250
Interest paid	(6)	(29)
Interest element of hire purchase	(100)	(115)
Net cash inflow from returns on investments and servicing of finance	22	106

Taxation

	2009	2008
	£000	£000
Taxation	(163)	(510)

Capital expenditure

	2009	2008
	£000	£000
Payments to acquire tangible fixed assets	(637)	(165)
Receipts from sale of fixed assets	196	663
Net cash (outflow)/inflow from capital expenditure	(441)	498

Financing

	2009	2008
	£000	£000
Repayment of loan stock	(68)	(270)
Capital element of hire purchase	(496)	(1,273)
Net cash outflow from financing	(564)	(1,543)

Reconciliation of net cash flow to movement in net funds

	2009	2008
	£000	£000
Increase in cash in the period	18	1,157
Net cash outflow from loan stock	68	270
Cash outflow in respect of hire purchase	496	1,273
Change in net funds resulting from cash flows	582	2,700
Finance leases and hire purchase contracts incepted	-	(1,903)
Movement in net funds in the period	582	797
Opening net funds	1,960	1,163
Closing net funds	2,542	1,960

Analysis of changes in net funds

	At 1 June 2008	Cash flows	Other changes	At 31 May 2009
	£000	£000	£000	£000
Net cash				
Cash in hand and at bank	3,802	18	-	3,820
Debt				
Loans	(68)	68	-	-
Hire purchase agreements	(1,774)	496	-	(1,278)
	(1,842)	564	-	(1,278)
Net funds	1,960	582	-	2,542

27 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2008 - £94,000).

28 Controlling related party

The directors consider that J R Ancell (Chairman) is the company's controlling related party by virtue of his majority beneficial shareholding.