



Grant Thornton

Financial statements
Churngold Recycling
Limited

For the Year Ended 31 May 2009

Company No. 4739487

Company information

Company registration number	4739487
Registered office	St Andrews House St Andrews Road Avonmouth Bristol BS11 9DQ
Directors	J R Ancell (Chairman) J D Barcham (Managing Director) R N Tredwin (Financial Director)
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 company for the year ended 31 May 2009.

Principal activities and business review

The principal activities of the company are waste and recycling activities, the supply of tipper lorries and plant and the operation of inert landfill sites.

Continued investment has been made into the four acre freehold yard in Avonmouth, now supported by a waste environmental permit, exemption from environmental permitting for crushing and screening hardcore, processing waste materials and non hazardous soils.

Our joint venture with Tarmac, Tarmac and Churngold Recycled Aggregates Limited is trading in line with expectations and continues to benefit from the reduced cost base brought about by the move to freehold premises.

Future developments

The business has established a strong and solid platform from which to grow, with the company's waste and recycling activities, permitted transfer station and significant inert landfill tipping void seen as offering considerable potential for development and expansion.

The strengthening balance sheet leaves the company in a strong position to handle and positively react to the challenging economic conditions that the Construction Industry will continue to face during 2009 / 2010.

Results and dividends

The profit for the year, after taxation, amounted to £479,000. Particulars of dividends proposed are detailed in note 9 to the financial statements.

Key performance indicators

		2009	2008	Change in the year
Financial metrics				
Revenue	£000	11,702	15,748	-26%
Earnings before interest, tax, depreciation, amortisation and central management charges	£000	1,616	2,225	-27%
Average debtor days	Days	66	58	+8 days
People				
Staff as at 31 May	No	62	79	-22%
Vehicles				
HGV tipper and waste lorries	No	42	44	-5%
Controlled void (inert) consented	m3	997,000	797,000	+25%
Controlled void (inert) unconsented	m3	540,000	688,000	-22%
	m3	1,537,000	1,485,000	+4%

Funding and risk management objectives and policies

The main risks arising are liquidity, credit, interest rate and environmental 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 company uses loan stock funds provided by the Directors, hire purchase facilities provided by a selection of major high street lenders and overdraft facilities provided by Bank of Scotland to fund the business. At the year end the company has access to undrawn committed borrowing facilities of £600,000. The maturity profile of committed banking facilities is regularly reviewed and such facilities are extended or replaced well in advance of their expiry. The company does not enter into speculative financial transactions and uses financial instruments (e.g. Trade Credit Insurance) for certain risk management purposes.

Credit Risk

The company's principal financial assets are cash and trade debtors. The company limits deposits to short term deposits with its bankers. The principal credit risk arises therefore from its debtors. In order to manage this risk, larger customer accounts are credit insured, where available.

The remaining credit risks are assessed through a mixture of payment history, third party credit references and an internet based credit system. Credit limits are regularly reviewed by the credit controller in conjunction with debt ageing and collection history.

Interest Rate Risk

The company reduces exposure to interest rates through a mixture of fixed rate loan stock and hire purchase contracts and variable rate interest rates for the overdraft facilities. The mortgage loan interest rate is hedged for periods of between 3 and 12 months.

Environmental Risk

The business operates in an area where environmental regulation is constantly changing. In addition to the wealth of experience within the company, third party qualified advisers are utilised for chemical testing, planning submissions, Health and Safety and licence/exemption applications to ensure that risks are controlled.

Directors

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

J R Ancell
J D Barcham
R N Tredwin

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company'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 Recycling Limited

We have audited the financial statements of Churngold Recycling Limited for the year ended 31 May 2009 which comprise the profit and loss account, the balance sheet, the 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 Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 company's affairs as at 31 May 2009 and of its 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 Recycling Limited (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, 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.

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, modified to include the revaluation of certain fixed assets and in accordance with applicable UK accounting standards.

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

Turnover

Turnover is the total amount receivable for goods and services provided, net of VAT and trade discounts.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, other than freehold land, over the useful economic life of that asset as follows:

Freehold Property	-	over 40 years (straight line)
Plant & Machinery	-	over 1 to 7 years (straight line)
Motor Vehicles	-	over 4 to 6 years (straight line)
Leasehold Improvements	-	over the life of the lease (straight line)

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability. The interest element represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the agreement.

Finance lease agreements

Where the company 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 with creditors. Rentals payable are apportioned between the capital element which reduces the outstanding obligation 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 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.

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 so no charge has been recognised

Joint ventures

In the opinion of the directors, the results of the joint venture are not material to the company's financial statements. The joint venture has been included at cost less amounts written off.

Government grants

Government grants in respect of capital expenditure are credited to provisions for liabilities and other charges and released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Profit and loss account

	Note	2009 £000	2008 £000
Turnover	1	11,702	15,748
Cost of sales		(9,432)	(12,557)
Gross profit		2,270	3,191
Other operating charges	2	(1,497)	(1,775)
Operating profit	3	773	1,416
Interest receivable	6	43	25
Interest payable and similar charges	7	(153)	(199)
Profit on ordinary activities before taxation		663	1,242
Tax on profit on ordinary activities	8	(184)	(363)
Profit for the financial year	25	479	879

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	2008 £ 000
Fixed assets			
Tangible assets	10	3,829	4,130
Investments	11	15	12
		<u>3,844</u>	<u>4,142</u>
Current assets			
Debtors	12	2,009	4,227
Cash at bank and in hand		884	1,344
		<u>2,893</u>	<u>5,571</u>
Creditors: amounts falling due within one year	13	3,076	5,812
Net current liabilities		<u>(183)</u>	<u>(241)</u>
Total assets less current liabilities		3,661	3,901
Creditors: amounts falling due after more than one year	14	1,458	2,050
		<u>2,203</u>	<u>1,851</u>
Provisions for liabilities			
Deferred taxation	18	69	82
Government grants	19	8	22
		<u>2,126</u>	<u>1,747</u>
Capital and reserves			
Share capital	23	-	-
Revaluation reserve	24	278	278
Profit and loss account	25	1,848	1,469
Shareholders' funds	26	<u>2,126</u>	<u>1,747</u>

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

J R Ancell
 Chairman

Cash flow statement

	Note	2009 £000	2008 £000
Net cash inflow from operating activities	27	985	2,700
Returns on investments and servicing of finance	27	(260)	(164)
Taxation	27	(304)	(304)
Capital expenditure and financial investment	27	(71)	(112)
Cash inflow before financing		350	2,120
Financing	27	(810)	(765)
(Decrease)/increase in cash	27	(460)	1,355

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:

	2009	2008
	£000	£000
United Kingdom	11,702	15,748

2 Other operating charges

	2009	2008
	£000	£000
Administrative expenses	1,497	1,775

3 Operating profit

Operating profit is stated after charging/(crediting):

	2009	2008
	£000	£000
Amortisation of government grants re fixed assets	(14)	(15)
Depreciation of owned fixed assets	216	150
Depreciation of assets held under hire purchase agreements	463	459
Profit on disposal of fixed assets	(87)	(91)
Auditor's remuneration:		
Audit fees	4	4
Non-audit fees	2	2
Operating lease costs:		
Plant and equipment	211	206
Other	178	183

Liability Limitation Agreement with the auditor

The directors propose that the company 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 Directors and employees

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

	2009	2008
Administration and managerial	15	15
Operatives	56	58
	<u>71</u>	<u>73</u>

The aggregate payroll costs of the above were:

	2009	2008
	£000	£000
Wages and salaries	1,967	2,146
Social security costs	216	190
Other pension costs	38	57
	<u>2,221</u>	<u>2,393</u>

5 Directors

Remuneration in respect of directors (and of the highest paid director) was as follows:

	2009	2008
	£000	£000
Emoluments receivable	208	287
Value of company pension contributions to money purchase schemes	21	41
Unrealised gain made on exercise of EMI share options	12	24
	<u>241</u>	<u>352</u>

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

	2009	2008
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

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

6 Interest receivable

	2009	2008
	£000	£000
Bank interest receivable	38	21
Interest receivable from related undertakings	5	4
	<u>43</u>	<u>25</u>

7 Interest payable and similar charges

	2009	2008
	£000	£000
Interest payable on bank borrowing	70	95
Finance charges payable under hire purchase agreements	75	89
Interest payable to related undertakings	8	15
	<u>153</u>	<u>199</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008 - 28%)	197	319
Total current tax	<u>197</u>	<u>319</u>
Deferred tax		
Origination and reversal of timing differences (note 18)	(13)	44
Tax on profit on ordinary activities	<u>184</u>	<u>363</u>

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	663	1,242
Profit on ordinary activities by rate of tax	186	348
Expenses not deductible for tax purposes	(2)	(6)
Capital allowances for period (in excess of)/less than depreciation	13	(41)
Change in rate of taxation	-	18
Current tax (note 8(a))	197	319

9 Dividends

Dividends on shares classed as equity

	2009	2008
Declared at the year-end (recognised as a liability):	£000	£000
Equity dividends on ordinary shares	100	150

10 Tangible fixed assets

	Freehold Land & Buildings	Plant & Machinery	Motor Vehicles	Leasehold Improvements	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 June 2008	1,920	1,447	2,581	21	5,969
Additions	54	143	285	-	482
Disposals	-	(286)	(229)	-	(515)
At 31 May 2009	<u>1,974</u>	<u>1,304</u>	<u>2,637</u>	<u>21</u>	<u>5,936</u>
Depreciation					
At 1 June 2008	20	615	1,183	21	1,839
Charge for the year	22	265	392	-	679
On disposals	-	(204)	(207)	-	(411)
At 31 May 2009	<u>42</u>	<u>676</u>	<u>1,368</u>	<u>21</u>	<u>2,107</u>
Net Book Value					
At 31 May 2009	<u>1,932</u>	<u>628</u>	<u>1,269</u>	<u>-</u>	<u>3,829</u>
At 31 May 2008	<u>1,900</u>	<u>832</u>	<u>1,398</u>	<u>-</u>	<u>4,130</u>

Included within the net book value of £3,829,000 is £1,504,000 (2008 - £1,779,000) 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 £463,000 (2008 - £459,000).

The freehold property was revalued on 31st May 2007 by CB Richard Ellis Limited. The basis of the valuation used was existing use. The surplus has been transferred to the revaluation reserve.

The effect of the revaluation has been to increase the depreciation charge by £nil. If the freehold property had not been revalued, it would have been included on the historical cost basis at £1,676,000 (2008 - £1,622,000).

The directors consider that, were the property to be sold for its net book value, tax of £83,000 would be payable.

11 Investments

Joint venture	£000
Cost	
At 1 June 2008	12
Additions	3
At 31 May 2009	<u>15</u>
Net book value	
At 31 May 2009	<u>15</u>
At 31 May 2008	<u>12</u>

The investment, a joint venture, represents a 50% stake in Tarmac and Churngold Recycled Aggregates Limited, a company registered in England and Wales and engaged in recycled aggregates. At 31 December 2008 Tarmac and Churngold Recycled Aggregates Limited generated a retained profit for the year ended of £65,000 and had net assets of £107,000.

12 Debtors

	2009	2008
	£000	£000
Trade debtors	1,398	3,392
Amounts owed by related undertakings	177	448
Other debtors	160	47
Prepayments and accrued income	274	340
	<u>2,009</u>	<u>4,227</u>

Included in amounts owed by related undertakings is £55,000 (2008 - £55,000) due after more than one year.

13 Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Bank loans and overdrafts	60	60
Trade creditors	705	2,375
Corporation tax	53	159
Other taxation and social security	159	381
Amounts due under hire purchase agreements	504	499
Proposed dividends	100	150
Amounts owed to related undertakings	134	137
Accruals and deferred income	1,361	2,051
	<u>3,076</u>	<u>5,812</u>

14 Creditors: amounts falling due after more than one year

	2009	2008
	£000	£000
Bank loans	925	990
Amounts due under hire purchase agreements	533	865
Other loans	-	75
Amounts owed to related undertakings	-	120
	<u>1,458</u>	<u>2,050</u>

15 Loans

Creditors include finance capital which is due for repayment as follows:

	2009	2008
	£000	£000
Amounts repayable:		
In one year or less or on demand	180	180
In more than one year but not more than two years	60	100
In more than two years but not more than five years	180	260
In more than five years	685	750
	<u>1,105</u>	<u>1,290</u>
	2009	2008
	£000	£000
Not wholly repayable within five years:		
Bank loan	985	1,050
Wholly repayable within five years:		
Related undertaking loan	120	240
	<u>1,105</u>	<u>1,290</u>

The bank loan is repayable in monthly instalments of £5,000 commencing 30 June 2006 and bears interest at 1.4% above LIBOR. The bank holds a fixed charge over the property purchased on 31 May 2005 and a keyman life assurance policy.

The related undertaking loan carries interest fixed at 7%. £120,000 was repaid on 1 June 2009.

16 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2009	2008
	£000	£000
Amounts payable within 1 year	544	571
Amounts payable between 2 to 5 years	664	996
	1,208	1,567
Less interest and finance charges relating to future periods	(171)	(203)
	1,037	1,364
Hire purchase agreements are analysed as follows:		
Current obligations	504	499
Non-current obligations	533	865
	1,037	1,364

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

17 Pensions

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

18 Deferred taxation

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

	2009	2008
	£000	£000
Provision brought forward	82	38
Profit and loss account movement arising during the year	(13)	44
Provision carried forward	69	82

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

	2009	2008
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	69	82

19 Government grants

	2009	2008
	£000	£000
Received and receivable:		
At 1 June 2008	87	87
At 31 May 2009	87	87
Amortisation:		
At 1 June 2008	65	50
Credit to profit and loss account	14	15
At 31 May 2009	79	65
Net balance at 31 May 2009	8	22

A government grant was received during the year ended 31 May 2004 to subsidise the purchase of fixed assets for use in the business. The assets funded by the grant are considered to have an economic life of 6 years. The income has been spread over this period and is released to the profit and loss account each year to offset the depreciation charged on the relevant assets. The provision for this deferred income is therefore expected to be fully released by 31 May 2010.

20 Leasing commitments

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

	2009		2008	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	-	-	-	-
Within 2 to 5 years	50	-	90	-
After more than 5 years	48	-	42	-
	98	-	132	-

21 Contingent liabilities

There are contingent liabilities in respect of performance guarantees entered into in the normal course of business amounting to £55,000 as at 31 May 2009 (2008 - £54,000).

22 Ultimate controlling related party and related party transactions

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

During the year the company undertook the following transactions and had amounts owing to/from members of the Churngold Remediation Holdings Limited group, Churngold Construction Holdings Limited group, Lulsgate Properties Limited and Churngold Building Services Limited, entities where J R Ancell is a director and/or has an interest in more than 20% of the voting rights, and Tarmac and Churngold Recycled Aggregates Limited, an entity of which the company owns 50% of the ordinary share capital:

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2009				
Churngold Construction Holdings Limited	164	-	12	-
Churngold Construction Limited	79	228	122	41
Churngold Surfacing Limited	-	2	-	-
Lulsgate Properties Limited	44	-	-	60
Churngold Remediation Limited	15	116	-	8
Tarmac and Churngold Recycled Aggregates Limited	-	502	-	68
Churngold Building Services Limited	-	2	-	-
2008				
Churngold Construction Holdings Limited	202	-	13	-
Churngold Construction Limited	42	1,720	244	208
Churngold Surfacing Limited	-	1	-	-
Lulsgate Properties Limited	39	-	-	61
Churngold Remediation Limited	-	427	-	129
Tarmac and Churngold Recycled Aggregates Limited	10	164	-	50

Included within loans and loan note balances as at 31 May 2009 are amounts owed to directors and related parties as follows:

	2009 £000	2008 £000
Churngold Construction Limited	120	240

23 Share capital

Authorised share capital:

	2009	2008
	£	£
Authorised share capital		
50,000 'A' ordinary shares of £0.01 each	500	500
50,000 'B' ordinary shares of £0.01 each	500	500
	<u>1,000</u>	<u>1,000</u>

	2009		2008	
	No	1p	No	1p
Allotted, called up and fully paid:				
Ordinary 'A' shares of £0.01 each	70	70	70	70
Ordinary 'B' shares of £0.01 each	30	30	30	30
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

24 Revaluation reserve

	2009	2008
	£ 000	£ 000
Balance brought forward	278	278
Revaluation of fixed assets	-	-
Balance carried forward	<u>278</u>	<u>278</u>

25 Profit and loss account

	2009	2008
	£	£
Balance brought forward	1,469	740
Profit for the financial year	479	879
Equity dividends paid	(100)	(150)
Balance carried forward	<u>1,848</u>	<u>1,469</u>

26 Reconciliation of movements in shareholders' funds

	2009	2008
	£ 000	£00
Profit for the financial year	479	879
Other net recognised gains and losses	-	-
Equity dividends proposed	(100)	(150)
Net addition to shareholders' equity funds	379	729
Opening shareholders' equity funds	1,747	1,018
Closing shareholders' equity funds	2,126	1,747

27 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£ 000	£000
Operating profit	773	1,416
Depreciation	679	609
Profit on disposal of fixed assets	(87)	(91)
Amortisation of government grants	(14)	(15)
Decrease/(Increase) in debtors	2,218	(1,683)
(Decrease)/Increase in creditors	(2,584)	2,464
Net cash inflow from operating activities	985	2,700

Returns on investments and servicing of finance

	2009	2008
	£ 000	£000
Dividends paid	(150)	-
Interest received	43	25
Interest paid	(78)	(100)
Interest element of hire purchase	(75)	(89)
Net cash outflow from returns on investments and servicing of finance	(260)	(164)

Taxation

	2009	2008
	£000	£000
Taxation	(304)	(304)

Capital expenditure

	2009	2008
	£ 000	£000
Payments to acquire tangible fixed assets	(259)	(250)
Receipts from sale of fixed assets	191	138
Purchase of investments	(3)	-
Net cash outflow from capital expenditure	(71)	(112)

Financing

	2009	2008
	£ 000	£000
Repayment of loan stock	(200)	(320)
Repayment of bank loans	(60)	(60)
Capital element of finance leases and hire purchase	(550)	(625)
Receipt of loan from related undertaking	-	240
Net cash outflow from financing	(810)	(765)

Reconciliation of net cash flow to movement in net debt

	2009	2008
	£ 000	£000
(Decrease)/increase in cash in the period	(460)	1,355
Net cash outflow from loan stock	200	320
Net cash outflow from bank loans	60	60
Cash outflow in respect of hire purchase	550	625
Net cash inflow from loans from related undertaking	-	(240)
Change in net debt resulting from cash flows	350	2,120
New finance leases and hire purchase arrangements	(223)	(1,220)
Net debt at 1 June 2008	(1,385)	(2,285)
Net debt at 31 May 2009	(1,258)	(1,385)

Analysis of changes in net debt

	At 1 June 2008	Cash flows	Other changes	At 31 May 2009
	£000	£000	£000	£000
Net cash:				
Cash in hand and at bank	1,344	(460)	-	884
	<u>1,344</u>	<u>(460)</u>	<u>-</u>	<u>884</u>
Debt:				
Debt due within 1 year	(180)	-	-	(180)
Debt due after 1 year	(1,185)	260	-	(925)
Hire purchase agreements	(1,364)	550	(223)	(1,037)
	<u>(2,729)</u>	<u>810</u>	<u>(223)</u>	<u>(2,142)</u>
Net debt	<u>(1,385)</u>	<u>350</u>	<u>(223)</u>	<u>(1,258)</u>

28 **Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil (2008 - £74,000).