

Churngold Construction Limited

Financial statements

For the year ended 31 May 2007

Grant Thornton 

Company No. 1908306

Company information

Company registration number	1908306
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) R K McCabe (Commercial Director) M G Best (Director - Wales) G A Wiltshire (Operations 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 43 Queen Square Bristol BS1 4QR

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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 2007.

Principal activities and business review

The principal activities of the company are ground works and civil engineering.

This year has seen continued solid performance throughout our core business with further margin improvements achieved from a broad contract base, including Retail, PFI, Healthcare and Education. Continued investment into health and safety, training and people continues to strengthen and grow the company and assist us in managing and controlling risk.

Future developments

The construction market continues to be buoyant in our core regions of South West and South Wales and we are confident that next year will be another year of strong progress with further growth of earnings and cash generation. A North West region has been established to service the needs of our customers and we will see this office undertake its first significant contract as part of the Lancashire Waste PFI, from new offices in Runcorn. Further significant capital investment will be made in the early part of the year as we push forward growth in our bulk earthworks activities.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. Particulars of dividends paid are detailed in note 10 to the financial statements.

Key performance indicators

		2007	2006	Change in the year
Financial metrics				
Revenue	£000	28,504	24,074	+ 18%
Earnings before interest, tax, depreciation and central management charges	£000	1,990	1,009	+ 97%
Average days turnover in amounts recoverable on contracts	Days	61	68	- 7 days
Work in hand as % of next year's budget	%	60	51	+ 18%
People				
Staff as at 31 May	No	197	163	+ 21%

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 company uses hire purchase facilities provided by various major high street lenders and overdraft facilities provided by Bank of Scotland. At the year end the company has access to undrawn committed borrowing facilities of £1,750,000. The maturity profile of committed banking facilities is regularly reviewed and such facilities are extended or replaced well in advance of their expiry. The 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, trade debtors and amounts recoverable on contracts. The company 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 company reduces exposure to interest rates through a mixture of fixed rate 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
R K McCabe
M G Best
G A Wiltshire

Directors' responsibilities

The directors are responsible for preparing the Annual 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 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 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 1985. 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.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

R N Tredwin
Secretary
10 August 2007

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

We have audited the financial statements of Churngold Construction Limited for the year ended 31 May 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Churngold Construction Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Bristol
10 August 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996): Cash Flow Statements, from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

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.

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 7 years (straight line)
Motor vehicles	-	over 4 to 7 years (straight line)
Leasehold improvements	-	over 40 years or period of lease if shorter than 40 years

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 pension of all employees. Contributions are charged to the profit and loss account as incurred.

Deferred taxation

Deferred tax is recognised on 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 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 on a prudent basis 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. Work in progress is included in amounts recoverable on long-term contracts.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Consolidation

The company has taken advantage of the exemption granted under section 228 of the Companies Act 1985 not to prepare group financial statements as it is a wholly owned subsidiary undertaking of a company preparing and publishing consolidated financial statements. Accordingly, these financial statements present information about the results of the company as an individual undertaking and not its group.

Share-based payment

This is the first accounting period to which FRS 20 'Share-Based Payment (IFRS 2)' applies.

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 have not been recognised.

Profit and loss account

	Note	2007 £000	2006 £000
Turnover	1	28,504	24,074
Cost of sales		(25,172)	(21,503)
Gross profit		3,332	2,571
Other operating charges	2	(1,906)	(2,012)
Operating profit	3	1,426	559
Income from shares in group undertakings	6	40	20
Interest receivable and similar income	7	91	40
Interest payable and similar charges	8	(47)	(46)
Profit on ordinary activities before taxation		1,510	573
Tax on profit on ordinary activities	9	(467)	(178)
Profit on ordinary activities after taxation	23	1,043	395

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	2007 £000	2006 £000
Fixed assets			
Tangible assets	11	1,578	711
Investments	12	66	66
		<u>1,644</u>	<u>777</u>
Current assets			
Debtors	13	6,914	3,935
Cash at bank and in hand		2,448	2,074
		<u>9,362</u>	<u>6,009</u>
Creditors: amounts falling due within one year	14	8,621	5,265
Net current assets		<u>741</u>	<u>744</u>
Total assets less current liabilities		<u>2,385</u>	<u>1,521</u>
Creditors: amounts falling due after more than one year	15	753	379
		<u>1,632</u>	<u>1,142</u>
Provisions for liabilities			
Deferred taxation	18	73	26
		<u>1,559</u>	<u>1,116</u>
Capital and reserves			
Called-up equity share capital	22	16	16
Profit and loss account	23	1,543	1,100
Shareholders' funds	24	<u>1,559</u>	<u>1,116</u>

These financial statements were approved by the directors on 10 August 2007 and are signed on their behalf by:

J R Ancell (Chairman)
 Director

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:

	2007	2006
	£000	£000
United Kingdom	28,504	24,074

2 Other operating charges

	2007	2006
	£000	£000
Administrative expenses	1,906	2,012

3 Operating profit

Operating profit is stated after charging/(crediting):

	2007	2006
	£000	£000
Depreciation of owned fixed assets	74	75
Depreciation of assets held under finance leases and hire purchase agreements	244	177
Profit on disposal of fixed assets	(32)	–
Auditor's remuneration:		
Audit fees	8	8
Non-audit fees	3	3
Operating lease costs:		
Plant and equipment	2,917	2,379
Other	68	55

4 Directors and employees

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

	2007	2006
	No	No
Operatives	138	137
Administration and managerial	45	43
	183	180

The aggregate payroll costs of the above were:

	2007	2006
	£000	£000
Wages and salaries	6,178	5,470
Social security costs	582	531
Other pension costs	130	96
	6,890	6,097

5 Directors

Remuneration in respect of directors was as follows:

	2007	2006
	£000	£000
Emoluments receivable	527	218
Value of company pension contributions to money purchase schemes	65	25
	592	243

Emoluments of highest paid director:

	2007	2006
	£000	£000
Total emoluments (excluding pension contributions)	155	113
Value of company pension contributions to money purchase schemes	38	13
	193	126

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

	2007	2006
	No	No
Money purchase schemes	5	5

Share options have been issued to certain directors which will be satisfied from the existing share capital of the ultimate parent company. Three directors exercised share options during the year (2006 - one).

6 Income from shares in group undertakings

	2007	2006
	£000	£000
Income from group undertakings	<u>40</u>	<u>20</u>

7 Interest receivable

	2007	2006
	£000	£000
Bank interest receivable	<u>91</u>	<u>40</u>

8 Interest payable and similar charges

	2007	2006
	£000	£000
Finance charges payable under finance lease and hire purchase agreements	43	31
Bank interest and other similar charges	<u>4</u>	<u>15</u>
	<u>47</u>	<u>46</u>

9 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£000	£000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	417	195
Under/(over) provision in prior year	<u>3</u>	<u>(1)</u>
Total current tax	420	194
Deferred tax:		
Origination and reversal of timing differences	<u>47</u>	<u>(16)</u>
Tax on profit on ordinary activities	<u>467</u>	<u>178</u>

9 **Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007	2006
	£000	£000
Profit on ordinary activities before taxation	1,510	573
Profit on ordinary activities multiplied by rate of tax	453	172
Expenses not deductible for tax purposes	21	13
Capital allowances for period (in excess of)/less than depreciation	(45)	16
Under/(over) provision in respect of prior year	3	(1)
Inter-company dividends, non taxable	(12)	(6)
Group relief claimed	(94)	(34)
Payment for group relief	94	34
Total current tax (note 9(a))	420	194

10 **Dividends**

Dividends on shares classed as equity

	2007	2006
	£000	£000
Paid during the year:		
Equity dividends on ordinary shares	600	100

11 Tangible fixed assets

	Plant & machinery £000	Motor vehicles £000	Leasehold improvements £000	Total £000
Cost				
At 1 June 2006	1,174	60	38	1,272
Additions	1,312	31	–	1,343
Disposals	(356)	–	–	(356)
At 31 May 2007	<u>2,130</u>	<u>91</u>	<u>38</u>	<u>2,259</u>
Depreciation				
At 1 June 2006	500	23	38	561
Charge for the year	299	19	–	318
On disposals	(198)	–	–	(198)
At 31 May 2007	<u>601</u>	<u>42</u>	<u>38</u>	<u>681</u>
Net book value				
At 31 May 2007	<u>1,529</u>	<u>49</u>	<u>–</u>	<u>1,578</u>
At 31 May 2006	<u>674</u>	<u>37</u>	<u>–</u>	<u>711</u>

Included within the net book value of £1,578,000 is £1,323,000 (2006 - £610,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £244,000 (2006 - £177,000).

12 Investments

Subsidiary undertaking

	£000
Cost	
At 1 June 2006 and 31 May 2007	<u>166</u>
Amounts written off	
At 1 June 2006 and 31 May 2007	<u>100</u>
Net book value	
At 31 May 2007	<u>66</u>
At 31 May 2006	<u>66</u>

12 Investments (continued)

The investment, a subsidiary undertaking, represents a 100% stake in Churngold Surfacing Limited, a company registered in England and Wales and engaged in the construction, repair and maintenance of car parks, access roads and highways. At 31 May 2007, Churngold Surfacing Limited generated a retained profit for the year then ended of £3,000 (2006 - £1,000) and had net assets of £84,000 (2006 - £81,000).

Following a decision to write down the cost of the investment in the year ended 31 May 2001, in the opinion of the directors the fair value of the investment is not less than the value at which it is included in the financial statements.

13 Debtors

	2007	2006
	£000	£000
Trade debtors	1,050	1,143
Amounts recoverable on long term contracts	5,367	2,246
Amounts owed by related parties	422	446
Prepayments and accrued income	75	100
	<u>6,914</u>	<u>3,935</u>

Included within trade debtors are amounts of £273,000 (2006 - £471,000) in respect of retentions falling due after more than 1 year.

14 Creditors: amounts falling due within one year

	2007	2006
	£000	£000
Trade creditors	4,089	2,651
Amounts owed to group undertakings	227	123
Corporation tax	165	161
Other taxation and social security	594	784
Amounts due under finance leases and hire purchase agreements (note 16)	438	145
Amounts owed to related parties	344	–
Accruals and deferred income	2,764	1,401
	<u>8,621</u>	<u>5,265</u>

15 Creditors: amounts falling due after more than one year

	2007	2006
	£000	£000
Amounts due under finance leases and hire purchase agreements (note 16)	685	379
Other loans	68	–
	<u>753</u>	<u>379</u>

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows:

	2007	2006
	£000	£000
Amounts payable within 1 year	478	167
Amounts payable between 2 to 5 years	821	411
	<u>1,299</u>	<u>578</u>
Less interest and finance charges relating to future periods	(176)	(54)
	<u>1,123</u>	<u>524</u>
Finance leases and hire purchase agreements are analysed as follows:		
Current obligations (note 14)	438	145
Non-current obligations (note 15)	685	379
	<u>1,123</u>	<u>524</u>

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 schemes 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:

	2007	2006
	£000	£000
Provision brought forward	26	42
Profit and loss account movement arising during the year	47	(16)
Provision carried forward	<u>73</u>	<u>26</u>

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

	2007	2006
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	76	28
Short term timing differences	(3)	(2)
	<u>73</u>	<u>26</u>

19 Leasing commitments

At 31 May 2007 the company had annual commitments under non-cancellable operating leases as set out below.

	2007		2006	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	-	4	-	35
Within 2 to 5 years	75	219	55	223
	<u>75</u>	<u>223</u>	<u>55</u>	<u>258</u>

20 Contingent liabilities

There are contingent liabilities in respect of performance guarantees entered into in the normal course of business amounting to £nil as at 31 May 2007 (2006 - £255,419).

The bank holds a letter of cross guarantee and debenture between the company, its subsidiary and its ultimate parent undertaking in respect of bank borrowings.

21 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 company undertook the following transactions and had amounts owing to/from members of the Churngold Remediation Holdings Limited group and Churngold Recycling Limited, entities where J R Ancell is both a director and has an interest in more than 20% of the voting rights:

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2007				
Churngold Recycling Limited	1,379	104	344	-
Churngold Remediation Holdings Limited	-	8	-	-
Churngold Remediation Limited	340	122	-	422
	<u>1,719</u>	<u>234</u>	<u>344</u>	<u>422</u>
2006				
Churngold Recycling Limited	1,190	106	-	36
Churngold Remediation Holdings Limited	-	34	-	5
Churngold Remediation Limited	144	105	-	405
	<u>1,334</u>	<u>245</u>	<u>-</u>	<u>446</u>

22 Share capital

Authorised share capital:

	2007	2006
	£ 000	£000
101,466 Ordinary shares of £1 each	<u>101</u>	<u>101</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£000	No	£000
Ordinary shares of £1 each	<u>15,816</u>	<u>16</u>	<u>15,816</u>	<u>16</u>

23 Profit and loss account

	2007	2006
	£000	£000
Balance brought forward	1,100	805
Profit for the financial year	1,043	395
Equity dividends paid	(600)	(100)
Balance carried forward	<u>1,543</u>	<u>1,100</u>

24 Reconciliation of movements in shareholders' funds

	2007	2006
	£000	£000
Profit for the financial year	1,043	395
Equity dividends paid	(600)	(100)
Net addition to shareholders' funds	<u>443</u>	<u>295</u>
Opening shareholders' equity funds	1,116	821
Closing shareholders' equity funds	<u>1,559</u>	<u>1,116</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £190,000 (2006 - £Nil).

26 Ultimate parent company and controlling related party

The company is a wholly owned subsidiary of Churngold Construction Holdings Limited. Churngold Construction Holdings Limited represents the smallest and largest group into which the results of the company are consolidated. Group financial statements are available from the registered office of this company.

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