

Financial statements
Tarmac and Churngold
Recycled Aggregates Limited

For the Year Ended 31 December 2008

Company information

Company registration number	05484014
Registered office	Millfields Road Ettingshall Wolverhampton WV4 6JP
Directors	J D Barcham M K Riley R N Tredwin A J Bate
Secretary	A D Prockter
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
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 December 2008.

Principal activities

The principal activities of the Company are the importation and crushing of construction waste arisings to produce recycled aggregates for sale to the building materials industry in the United Kingdom.

Review of development and future prospects

The business has benefited during the year from the move to two new operational recycling centres in Severn Beach, Avonmouth and Durnford Quarry, Long Ashton.

Additionally the business is progressing a significant planning application for the importation of inert material to Durnford Quarry, as part of the long-term restoration plans for the Site. The cost of the application and process will be met from ongoing and retained company profits.

Dividends and reserves

The directors do not recommend a dividend for the period (2007 - £nil). The profit for the period after taxation of £65,000 (2007 - £35,000) has been added to reserves. The financial position of the company shows net assets of £107,000 (2007 - £42,000).

Directors

The directors of the company who served during the period were:

J D Barcham

M K Riley

J F V B Serfontein (resigned as a director on 10 March 2009)

R N Tredwin

A J Bate (appointed as a director on 10 March 2009)

Risk management

The company's credit activities expose it to a number of financial risks including credit risk, liquidity risk and price risk.

Credit risk

The company's principal financial assets are cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The company has no significant concentration of credit risk, and is covered by credit insurance, where available.

Liquidity Risk

In order to maintain liquidity, the company ensures that sufficient funds are available for ongoing operations and future developments.

Price risk

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

Directors' responsibilities

The directors are responsible for preparing the Director's 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 auditor is 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 auditor is aware of that information.

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.

ON BEHALF OF THE BOARD

R N Tredwin
Director
14 August 2009



Report of the independent auditor to the members of Tarmac and Churngold Recycled Aggregates Limited

We have audited the financial statements of Tarmac and Churngold Recycled Aggregates Limited for the year ended 31 December 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 12. 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 Tarmac and Churngold Recycled Aggregates 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 December 2008 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
14 August 2009

Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the audited financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced for goods and services provided during the year.

Taxation

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

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 the rate of tax that has been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Operating leases

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.

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.

Profit and loss account

	Note	Year ended 31 December 2008 £000	18 Month period ended 31 December 2007 £000
Turnover	1	872	1,299
Cost of sales		(739)	(1,225)
Gross profit		133	74
Administrative expenses		(56)	(38)
Operating profit	2	77	36
Interest receivable/payable	3	4	8
Profit on ordinary activities before taxation		81	44
Tax on profit on ordinary activities	5	(16)	(9)
Profit for the financial year after taxation	10	65	35

All of the activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the current financial period and the profit for the preceding financial period. Accordingly, no statement of total recognised gains and losses is given.

Balance sheet

	Note	2008 £000	2007 £000
Current assets			
Debtors	6	247	115
Cash at bank and in hand		66	143
		<u>313</u>	<u>258</u>
Creditors: amounts falling due within one year	7	(206)	(216)
Net assets		<u>107</u>	<u>42</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	106	41
Shareholders' funds	10	<u>107</u>	<u>42</u>

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

R N Tredwin
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:

	Year ended 31 December 2008	18 Month period ended 31 December 2007
	£000	£000
United Kingdom	872	1,299

2 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2008	18 Month period ended 31 December 2007
	£000	£000
Auditor's remuneration:		
Audit fees	2	1
Non-audit fees	1	-
Rentals under operating leases	2	33

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.

3 Interest receivable/payable

	Year ended 31 December 2008	18 Month period ended 31 December 2007
	£000	£000
Interest receivable/(payable)	6	8
Interest payable to associated undertakings	(2)	-

4 Directors and employees

The company has no employees other than directors. No remuneration was paid to the directors of the company.

5 Taxation on profit on ordinary activities

	Year ended 31 December 2008	18 Month period ended 31 December 2007
	£000	£000
United Kingdom Corporation tax at 21% (2007 - 20%) based on the profit for the period	16	9
Total current tax	<u>16</u>	<u>9</u>
Deferred tax	-	-
Tax on profit on ordinary activities	<u>16</u>	<u>9</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ended 31 December 2008	18 Month period ended 31 December 2007
	£000	£000
Profit on ordinary activities before tax:	81	44
Current tax at 21% (2007 - 20%)	<u>16</u>	<u>9</u>
Total current tax charge (see above)	<u>16</u>	<u>9</u>

6 Debtors

	31 December 2008	31 December 2007
	£000	£000
Trade debtors	235	86
Due from associated undertakings	12	19
VAT	-	10
	<u>247</u>	<u>115</u>

7 Creditors: amounts falling due within one year

	31 December 2008	31 December 2007
	£000	£000
Trade creditors	25	16
Shareholder loans	40	40
Accruals and deferred income	52	-
UK corporation tax payable	16	9
VAT	7	-
Payable to associated undertakings	66	151
	<u>206</u>	<u>216</u>

8 Called up share capital

	31 December 2008	31 December 2007
	£	£
Authorised share capital		
500 Ordinary 'A' shares of £1 each	500	500
500 Ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

	31 December 2008		31 December 2007	
	No	£	No	£
Allotted, called up and fully paid:				
500 Ordinary 'A' shares of £1 each	500	500	500	500
500 Ordinary 'B' shares of £1 each	500	500	500	500
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

9 Profit and loss account

	Year ended 31 December 2008 £000
At 31 December 2007	41
Profit for the period	65
Balance at 31 December 2008	<u>106</u>

10 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2008 £000	18 Month period ended 31 December 2007 £000
Opening shareholders' funds	42	7
Profit for the financial period	65	35
Closing shareholders' equity funds	<u>107</u>	<u>42</u>

11 Operating lease commitments

At 31 December 2008, the company was committed to making the following payments during the next year in respect of operating leases:

	31 December 2008 £000	31 December 2007 £000
Leases which expire:		
After five years	<u>-</u>	<u>50</u>

12 Related party transactions

The company's share capital is held equally between Tarmac Limited and Churngold Recycling Limited, both companies incorporated in Great Britain. During the period, the company has the following transactions on normal trading terms and year end balances with these related parties:

	Tarmac Limited		Churngold Recycling Limited	
	Year ended 31 December 2008	18 Month period ended 31 December 2007	Year ended 31 December 2008	18 Month period ended 31 December 2007
	£000	£000	£000	£000
Transactions				
Sales	-	104	-	-
Purchases	186	129	502	71
Interest on shareholders loan	1	-	1	-
Year end balances				
Trade debtors	-	-	12	19
Trade creditors and accruals	(46)	(88)	(20)	(63)
Shareholder loans	(20)	(20)	(20)	(20)

13 Contingent liabilities

There are no contingent liabilities at 31 December 2008 or 31 December 2007.

14 Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2008 or 31 December 2007.