



Unaudited  
Financial statements  
Churngold Building Services  
Limited

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**For the Year Ended 31 May 2010**

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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 2010.

### **Principal activities and business review**

The principal activities of the company are the provision of brickwork, blockwork, concrete topping and general builder packages to the construction industry, operating across a broad range of sectors including Retail, PFI, Healthcare, Education, Travel and Tourism.

The business is led by a strong and experienced management team who have undertaken a number of significant projects since the company was formed in March 2008.

### **Future developments**

The directors are confident of the success of the business and are looking at a strong order book for the current year.

The directors, shareholders and Churngold Construction Holdings Limited will continue to provide the necessary financial resources and support for the business to deliver and grow its current customer base and order book.

### **Results and dividends**

The loss for the year, after taxation, amounted to £35,000 (2009: loss of £113,000). No dividend is proposed.

### **Directors**

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

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

### **Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

R N Tredwin  
Secretary  
13 August 2010



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

In accordance with the engagement letter dated 3 June 2010 and in order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Churngold Building Services Limited for the year ended 31 May 2010 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes from the company's accounting records and from information and explanations you have given to us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [www.icaew.com](http://www.icaew.com).

This report is made to the Board of Directors of Churngold Building Services Limited, as a body, in accordance with the terms of our engagement letter dated 3 June 2010. Our work has been undertaken solely to prepare for your approval the accounts of Churngold Building Services Limited and state those matters that we have agreed to state to the Board of Directors of Churngold Building Services Limited, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants in England and Wales, as detailed at [www.icaew.com](http://www.icaew.com). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Churngold Building Services Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Churngold Building Services Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Churngold Building Services Limited. You consider that Churngold Building Services Limited is exempt from the statutory audit requirement for the year ended 31 May 2010.

We have not been instructed to carry out an audit or a review of the accounts of Churngold Building Services Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

GRANT THORNTON UK LLP  
CHARTERED ACCOUNTANTS

Bristol  
13 August 2010

## Principal accounting policies

### **Basis of accounting**

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

### **Going concern**

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

### **Cash flow statement**

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

### **Turnover**

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

### **Fixed assets**

All fixed assets are initially recorded at cost.

### **Depreciation**

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

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

### **Operating lease agreements**

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

### **Pension costs**

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

### **Deferred taxation**

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

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

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

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

### **Long-term contracts**

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

## Profit and loss account

		2010	16 month period ended 31 May 2009
	Note	£000	£000
Turnover	1	1,486	516
Cost of sales		<u>(1,379)</u>	<u>(408)</u>
Gross profit		107	108
Other operating charges	2	<u>(142)</u>	<u>(217)</u>
<b>Operating loss</b>	3	<b>(35)</b>	<b>(109)</b>
Interest receivable		-	1
Interest payable and similar charges	6	<u>-</u>	<u>(5)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(35)</b>	<b>(113)</b>
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>	15	<b><u>(35)</u></b>	<b><u>(113)</u></b>

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

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

## Balance sheet

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	8	<u>1</u>	<u>2</u>
<b>Current assets</b>			
Debtors	9	169	173
Cash at bank		-	-
		<u>169</u>	<u>173</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(288)</u>	<u>(258)</u>
<b>Net current liabilities</b>		<u>(119)</u>	<u>(85)</u>
<b>Total assets less current liabilities</b>		<b>(118)</b>	<b>(83)</b>
<b>Provisions for liabilities</b>			
Deferred taxation		-	-
		<u>(118)</u>	<u>(83)</u>
<b>Capital and reserves</b>			
Called-up share capital	14	30	30
Profit and loss account	15	<u>(148)</u>	<u>(113)</u>
<b>Shareholders' deficit</b>	16	<u><b>(118)</b></u>	<u><b>(83)</b></u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the unaudited financial statements for the period by virtue of section 477(2), and that no member or members have requested an audit pursuant to section 476(1) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing unaudited financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to unaudited financial statements, so far as applicable to the company.

These unaudited financial statements were approved by the directors and authorised for issue on 13 August 2010, and are signed on their behalf by:

J R Ancell  
 Director

Company number 6507819

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

## Notes to the financial statements

### 1 Turnover

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

	2010	2009
	£000	£000
		16 month period ended 31 May
United Kingdom	<u>1,486</u>	<u>516</u>

### 2 Other operating charges

	2010	2009
	£000	£000
		16 month period ended 31 May
Administrative expenses	<u>142</u>	<u>217</u>

### 3 Operating profit

Operating profit is stated after charging:

	2010	2009
	£000	£000
		16 month period ended 31 May
Depreciation	1	-
Operating lease costs:		
Plant and equipment	47	18
Other	<u>6</u>	<u>-</u>

**4 Directors and employees**

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

	16 month period ended 31 May	
	2010	2009
	No	No
Operatives	1	-
Administration and managerial	4	3
	<u>5</u>	<u>3</u>

The aggregate payroll costs of the above were:

	16 month period ended 31 May	
	2010	2009
	£000	£000
Wages and salaries	186	172
Social security costs	21	19
Other pension costs	5	8
	<u>212</u>	<u>199</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	16 month period ended 31 May	
	2010	2009
	£000	£000
Emoluments receivable	69	93
Value of company pension contributions to money purchase schemes	2	5
	<u>71</u>	<u>98</u>

**5 Directors (continued)**

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

	2010	2009
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

**6 Interest payable and similar charges**

	2010	2009
	£000	£000
Interest payable on related party loans	<u>-</u>	<u>5</u>

**7 Taxation on ordinary activities**

(a) Analysis of charge in the year

	2010	2009
	£	£
<b>Current tax</b>		
UK Corporation tax based on the results for the year at 21% (2009: 21%)	-	-
Total current tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

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

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2009: 21%).

	2010	16 month period ended 31 May 2009
	£000	£000
Loss on ordinary activities before taxation	<u>(35)</u>	<u>(113)</u>
Loss on ordinary activities by rate of tax	(8)	(24)
Expenses not deductible for tax purposes	1	2
Losses carried forward	7	22
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

**8 Tangible fixed assets**

	Plant & Machinery £000
<b>Cost or valuation</b>	
At 1 June 2009	2
Additions	-
Disposals	-
At 31 May 2010	<u>2</u>
<b>Depreciation</b>	
At 1 June 2009	-
Charge for the year	1
On disposals	-
At 31 May 2010	<u>1</u>
<b>Net Book Value</b>	
At 31 May 2010	<u>1</u>
At 31 May 2009	<u>2</u>

There are no assets held under hire purchase agreements.

**9 Debtors**

	2010	2009
	£000	£000
Trade debtors	47	1
Amounts owed by related undertakings	10	8
Amounts recoverable on contracts	111	153
Other debtors	1	11
	<u>169</u>	<u>173</u>

**10 Creditors: amounts falling due within one year**

	2010	2009
	£000	£000
Trade creditors	77	78
Bank overdraft	4	15
Other taxes and social security	36	3
Amounts owed to related undertakings	133	101
Accruals and deferred income	38	61
	<u>288</u>	<u>258</u>

Included within amounts owed to related undertakings is a loan of £130,000 (2009: £100,000) from Churngold Construction Holdings Limited which is secured on the assets of this company.

**11 Pensions**

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

**12 Contingent liabilities**

There are no contingent liabilities at 31 May 2010.

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

**13 Related party transactions**

During the year, the company undertook the following transactions and had amounts owing to/from Churngold Recycling Limited and the Churngold Construction Holdings Group of Companies where J R Ancell is both a director and able to exercise more than 20% of the votes, as at 31 May 2010:

	Purchases	Sales	Owed to	Owed by
	£000	£000	£000	£000
<b>2010</b>				
Churngold Construction Limited	13	338	3	10
Churngold Construction Holdings Limited	-	-	130	-
Churngold Recycling Limited	4	-	-	-
	<u>17</u>	<u>338</u>	<u>133</u>	<u>10</u>
<b>2009</b>				
Churngold Construction Limited	20	68	1	8
Churngold Construction Holdings Limited	-	-	100	-
Churngold Recycling Limited	2	-	-	-
	<u>22</u>	<u>68</u>	<u>101</u>	<u>8</u>

**14 Share capital**

Authorised share capital:

	2010	2009
	£000	£000
300,000 Ordinary shares of £0.10 each	<u>30</u>	<u>30</u>

Allotted, called up and fully paid:

	2010		2009	
	No	£000	No	£000
Allotted, called up and fully paid:				
300,000 Ordinary shares of £0.10 each	<u>300,000</u>	<u>30</u>	<u>300,000</u>	<u>30</u>

**15 Profit and loss account**

	2010	16 month period ended 31 May 2009
	£000	£000
Balance brought forward	(113)	-
Loss for the financial year	(35)	(113)
Balance carried forward	<u>(148)</u>	<u>(113)</u>

**16 Reconciliation of movements in shareholders' funds**

	2010	2009
	£000	£000
Loss for the financial year	(35)	(113)
Capital introduced	-	30
Net reduction in shareholders' funds	<u>(35)</u>	<u>(83)</u>
Opening shareholders' funds	(83)	-
Closing shareholders' funds	<u>(118)</u>	<u>(83)</u>

**17 Capital commitments**

The directors have confirmed that there were no capital commitments at 31 May 2010 or 31 May 2009.

**18 Ultimate parent company and controlling related party**

The directors consider there is no controlling related party.