

Churrgold Construction
Holdings Limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 May 2011

Churngold Construction Holdings Limited

COMPANY INFORMATION

DIRECTORS

J R Ancell (Chairman)
A R Brown (Managing Director)
R N Tredwin (Finance Director)
T S Ross (Non-Executive)

SECRETARY

R N Tredwin

REGISTERED OFFICE

St Andrews House
St Andrews Road
Avonmouth
Bristol
BS11 9DQ

BANKERS

Bank of Scotland
21 Prince Street
Bristol
BS99 7JG

SOLICITORS

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55 - 61 Victoria Street
BRISTOL
BS1 6AD

Churngold Construction Holdings Limited

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the group for the year ended 31 May 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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

The business has performed well given the difficult market conditions and the Directors will continue to ensure that the business maintains a strong cash backed balance sheet.

FUTURE DEVELOPMENTS

The construction industry continues to be challenging, however the level of work in hand leaves the business well placed for the next financial year. The group has access to £750,000 of undrawn bank borrowing facilities made available until August 2012.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £270,000 (2010: £541,000). Particulars of dividends paid and proposed are detailed in note 10 to the financial statements.

KEY PERFORMANCE INDICATORS

Financial metrics		2011	2010	Change in the year
Group revenue	£000	26,584	26,877	(1 %)
Group earnings before interest, tax, depreciation, amortisation and central costs	£000	777	1,948	(60%)
Work in hand as % of next year's budget	%	46	67	(21%)
People				
Staff as at 31 May	Construction	127	126	
	Surfacing	8	9	
	Holdings	5	5	
	Total	No 140	140	-

The Directors consider the KPI's acceptable in the current economic climate.

FUNDING AND RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Liquidity

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

Credit Risk

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

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

Churngold Construction Holdings Limited

REPORT OF THE DIRECTORS *(continued)*

Interest Rate Risk

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

DONATIONS

During the year the company made charitable donations of £21,000 (2010: £20,000).

DIRECTORS

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

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

DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's 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.

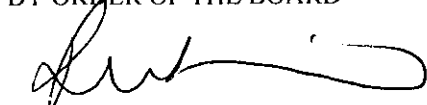
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Grant Thornton UK LLP resigned as auditors during the year and Baker Tilly UK Audit LLP were appointed.

Baker Tilly UK Audit 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
10 August 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURNGOLD CONSTRUCTION HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 23. 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 Chapter 3 of Part 16 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 more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 and express an opinion on 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/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 May 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

ANDREW ALLCHIN (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Date: 10 - 08 - 2011

Churngold Construction Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2011

	Note	2011 £000	2010 £000
GROUP TURNOVER	2	26,584	26,877
Cost of sales		(23,832)	(22,998)
GROSS PROFIT		<u>2,752</u>	<u>3,879</u>
Administrative expenses		(2,341)	(3,074)
OPERATING PROFIT	3	<u>411</u>	<u>805</u>
Interest receivable	6	24	50
Interest payable and similar charges	7	(24)	(66)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>411</u>	<u>789</u>
Tax on profit on ordinary activities	8	(141)	(248)
PROFIT FOR THE FINANCIAL YEAR	24	<u><u>270</u></u>	<u><u>541</u></u>

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

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

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

Churngold Construction Holdings Limited

CONSOLIDATED BALANCE SHEET

as at 31 May 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Intangible assets	11	66	138
Tangible assets	12	1,248	1,354
		<u>1,314</u>	<u>1,492</u>
CURRENT ASSETS			
Debtors	14	5,107	5,436
Cash at bank and in hand		2,848	2,117
		<u>7,955</u>	<u>7,553</u>
CREDITORS: amounts falling due within one year	15	6,980	7,305
		<u>975</u>	<u>248</u>
NET CURRENT ASSETS		2,289	1,740
TOTAL ASSETS LESS CURRENT LIABILITIES		290	26
CREDITORS: amounts falling due after more than one year	16		
		<u>1,999</u>	<u>1,714</u>
PROVISION FOR LIABILITIES			
Deferred taxation	19	22	7
		<u>1,977</u>	<u>1,707</u>
CAPITAL AND RESERVES			
Called up share capital	23	6	6
Share premium account	24	269	269
Other reserves	24	385	385
Profit and loss account	24	1,317	1,047
		<u>1,977</u>	<u>1,707</u>
SHAREHOLDERS FUNDS	25		
		<u>1,977</u>	<u>1,707</u>

These financial statements on pages 6 to 23 were approved by the directors and authorised for issue on 10 August 2011 and are signed on their behalf by:



J R Ancell
Chairman

Churngold Construction Holdings Limited

COMPANY BALANCE SHEET

as at 31 May 2011

	Note	2011 £000	2010 £000
FIXED ASSETS			
Tangible assets	12	1	1
Investments	13	1,162	1,162
		<u>1,163</u>	<u>1,163</u>
CURRENT ASSETS			
Debtors	14	558	811
Cash at bank and in hand		-	-
		<u>558</u>	<u>811</u>
CREDITORS: amounts falling due within one year	15	341	917
		<u>341</u>	<u>917</u>
NET CURRENT ASSETS / (LIABILITIES)		217	(106)
		<u>217</u>	<u>(106)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	16	-	-
		<u>-</u>	<u>-</u>
		<u>1,380</u>	<u>1,057</u>
CAPITAL AND RESERVES			
Called up share capital	23	6	6
Share premium account	24	269	269
Other reserves	24	385	385
Profit and loss account	24	720	397
		<u>720</u>	<u>397</u>
SHAREHOLDERS FUNDS		<u>1,380</u>	<u>1,057</u>

These financial statements on pages 6 to 23 were approved by the directors and authorised for issue on 10 August 2011 and are signed on their behalf by:



J R Ancell
Chairman

Churngold Construction Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 May 2011

	Note	2011 £000	2010 £000
Net cash inflow from operating activities	26	1,375	246
Returns on investments and servicing of finance	26	-	(16)
Taxation	26	(276)	(357)
Capital expenditure and financial investment	26	481	474
Equity dividends paid		-	(1,411)
Cash inflow/(outflow) before financing		<u>1,580</u>	<u>(1,064)</u>
Financing	26	(849)	(639)
Increase/(decrease) in cash	26	<u>731</u>	<u>(1,703)</u>

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2011

1. PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

BASIS OF CONSOLIDATION

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

TURNOVER

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

GOODWILL

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

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

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

Leasehold improvements	- over the life of the lease
Plant & Machinery	- over 3 to 8 years (straight line)
Motor Vehicles	- over 1 to 7 years (straight line)
Freehold property costs	- over 2 years (straight line)

No depreciation is provided on freehold land.

INVESTMENTS

Investments are included at cost.

FINANCE LEASE AGREEMENTS

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

OPERATING LEASE AGREEMENTS

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

PENSION COSTS

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

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

I. PRINCIPAL ACCOUNTING POLICIES *(continued)*

DEFERRED TAXATION

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

FINANCIAL INSTRUMENTS

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

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

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

LONG-TERM CONTRACTS

Turnover and related costs on each long-term contract are recorded in the profit and loss account as contract activity progresses. Turnover is calculated on the basis of the value of the work done.

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

TAXATION

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

SHARE-BASED PAYMENT

Equity-settled share-based payment.

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

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

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

2. TURNOVER

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

	2011 £000	2010 £000
United Kingdom	26,584	26,877

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2011 £000	2010 £000
Amortisation	72	72
Depreciation of owned fixed assets	117	156
Depreciation of assets held under finance lease agreements	158	321
(Gain) / loss on disposal of fixed assets	(48)	19
Auditor's remuneration:		
Audit fees – Grant Thornton UK LLP	-	12
– Baker Tilly UK Audit LLP	12	-
Non-audit fees – Grant Thornton UK LLP	-	7
– Baker Tilly UK Tax & Accounting LLP	4	-
Operating lease costs:		
Plant and equipment	3,056	2,873
Other	86	72

4. PARTICULARS OF EMPLOYEES

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

	2011	2010
Operatives	102	98
Administration and managerial	42	45
	144	143

The aggregate payroll costs of the above were:

	2011 £000	2010 £000
Wages and salaries	5,396	5,813
Social security costs	531	610
Other pension costs	90	203
	6,017	6,626

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

5. DIRECTORS

Remuneration in respect of directors was as follows:

	2011 £000	2010 £000
Emoluments receivable	217	446
Value of company pension contributions to money purchase schemes	31	60
Unrealised gain made on exercise of EMI share options	20	41
	<u>268</u>	<u>547</u>

Emolument of highest paid director:

	2011 £000	2010 £000
Total emoluments (excluding pension contributions)	79	194
Value of company pension contributions to money purchase schemes	-	20
Unrealised gain made on exercise of EMI share options	20	-
	<u>99</u>	<u>214</u>

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

	2011 No	2010 No
Money purchase schemes	<u>3</u>	<u>3</u>

Share options have been issued to certain directors which will be satisfied from existing share capital. One director exercised share options during the year (2010: two).

6. INTEREST RECEIVABLE

	2011 £000	2010 £000
Bank interest receivable	18	48
Interest receivable from related undertakings	6	2
	<u>24</u>	<u>50</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £000	2010 £000
Finance charges payable under finance lease agreements	19	66
Bank interest and other similar charges	5	-
	<u>24</u>	<u>66</u>

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £000	2010 £000
Current tax		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2010: 28%)	126	306
(Over)/under provision in prior year	-	1
Total current tax	<u>126</u>	<u>307</u>
Deferred tax:		
Origination and reversal of timing differences (note 19)	15	(59)
Tax on profit on ordinary activities	<u><u>141</u></u>	<u><u>248</u></u>

(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% (2010: 28%).

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>411</u>	<u>789</u>
Profit on ordinary activities by rate of tax	114	221
Expenses not deductible for tax purposes	12	7
Capital allowances for period (in excess of)/less than depreciation	(16)	59
Amortisation of goodwill	20	20
Adjustment in respect of prior period	-	1
Other timing differences	(4)	(1)
Current tax (note 8(a))	<u><u>126</u></u>	<u><u>307</u></u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £323,000 (2010: £576,000).

10. DIVIDENDS

	2011 £000	2010 £000
Declared at the year end (recognised as a liability):		
Dividend on ordinary shares	<u>-</u>	<u>-</u>
Declared and paid during the year:		
Dividend on ordinary shares	<u>-</u>	<u>1,008</u>

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £000
Cost	
At 1 June 2010 and 31 May 2011	720
Amortisation	
At 1 June 2010	582
Charge for the year	72
At 31 May 2011	654
Net Book Value	
At 31 May 2011	66
At 31 May 2010	138

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

12. TANGIBLE FIXED ASSETS

Group	Freehold Property £000	Plant & Machinery £000	Motor Vehicles £000	Leasehold Improvements £000	Total £000
Cost					
At 1 June 2010	431	2,139	88	63	2,721
Additions	-	646	24	-	670
Disposals	-	(1,144)	(31)	-	(1,175)
At 31 May 2011	431	1,641	81	63	2,216
Depreciation					
At 1 June 2010	-	1,252	53	62	1,367
Charge for the year	2	251	21	1	275
On disposals	-	(643)	(31)	-	(674)
At 31 May 2011	2	860	43	63	968
Net Book Value					
At 31 May 2011	429	781	38	-	1,248
At 31 May 2010	431	887	35	1	1,354

Included within the net book value of £1,248,000 is £677,000 (2010: £651,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £158,000 (2010: £321,000).

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Plant & Machinery £000	Leasehold Improvements £000	Total £000
Cost			
At 1 June 2010	10	22	32
Additions	-	-	-
At 31 May 2011	<u>10</u>	<u>22</u>	<u>32</u>
Depreciation			
At 1 June 2010	9	22	31
Charge for the year	-	-	-
At 31 May 2011	<u>9</u>	<u>22</u>	<u>31</u>
Net Book Value			
At 31 May 2011	<u>1</u>	<u>-</u>	<u>1</u>
At 31 May 2010	<u>1</u>	<u>-</u>	<u>1</u>

13. INVESTMENTS

Company	Group Companies £000
Cost at 1 June 2010 and 31 May 2011	<u>1,162</u>
Net Book Value	
At 31 May 2011	<u>1,162</u>
At 31 May 2010	<u>1,162</u>

	Class of share capital held	Nature of business	Proportion held
Subsidiary Undertakings			
Churngold Construction Limited	Ordinary	Groundworks and civil engineering	100%
Churngold Surfacing Limited *	Ordinary	Construction of car parks, access roads and highways	100%

* 100% shares held by Churngold Construction Limited

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

14. DEBTORS

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade debtors	1,006	1,211	-	-
Amounts owed by group undertakings	-	-	6	132
Amounts recoverable on contracts	3,389	3,010	-	-
Amounts owed by related undertakings	569	1,052	552	679
Corporation tax	-	-	-	-
Other debtors	27	47	-	-
Prepayments and accrued income	116	116	-	-
	<u>5,107</u>	<u>5,436</u>	<u>558</u>	<u>811</u>

Included within trade debtors are amounts of £275,000 (2010: £177,000) in respect of retentions falling due after more than one year.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade creditors	3,343	2,890	6	9
Bank overdraft	-	-	222	872
Amounts due under finance lease agreements	102	613	-	-
Corporation tax	16	166	18	-
Other taxation and social security	658	541	23	11
Amounts owed to related undertakings	106	327	-	-
Accruals and deferred income	2,755	2,768	72	25
	<u>6,980</u>	<u>7,305</u>	<u>341</u>	<u>917</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Amounts due under finance lease agreements	290	26	-	-
	<u>290</u>	<u>26</u>	<u>-</u>	<u>-</u>

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Amounts payable within 1 year	117	624	-	-
Amounts payable between 2 to 5 years	301	26	-	-
	<u>418</u>	<u>650</u>	<u>-</u>	<u>-</u>
Less interest and finance charges relating to future periods	(26)	(11)	-	-
	<u>392</u>	<u>639</u>	<u>-</u>	<u>-</u>

Finance leases agreements are analysed as follows:

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Current obligations (note 15)	102	613	-	-
Non-current obligations (note 16)	290	26	-	-
	<u>392</u>	<u>639</u>	<u>-</u>	<u>-</u>

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

18. PENSIONS

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

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

19. DEFERRED TAXATION

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

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Provision brought forward	7	66	-	-
Increase / (decrease) in provision	15	(59)	-	-
Provision carried forward	<u>22</u>	<u>7</u>	<u>-</u>	<u>-</u>

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

Group	2011		2010	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Excess of taxation allowances over depreciation on fixed assets	23	-	8	-
Short term timing differences	(1)	-	(1)	-
	<u>22</u>	<u>-</u>	<u>7</u>	<u>-</u>

Deferred taxation provided in the financial statements is as follows:

	Accelerated capital allowances £000	Short term timing differences £000	Total £000
At 1 June 2010	8	(1)	7
Movements during the year	15	-	15
At 31 May 2011	<u>23</u>	<u>(1)</u>	<u>22</u>

20. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2011 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2011		2010	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:				
Within 1 year	-	-	-	5
Within 2 to 5 years	<u>86</u>	<u>73</u>	<u>87</u>	<u>-</u>

The company had no operating lease commitments.

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

21. CONTINGENCIES

There are contingent liabilities in respect of performance guarantees entered into in the normal course of business amounting to £621,000 as at 31 May 2011 (2010: £783,000), £46,000 (2010: £208,000) on behalf of Churngold Construction Limited, £100,000 (2010: £100,000) on behalf of Churngold Remediation Limited, £475,000 (2010: £475,000) on behalf of JWS Churngold Limited. There is a cross guarantee between this company and Churngold Remediation Holdings Limited relating to the bank overdraft facility. At 31 May 2011, the bank borrowings in Churngold Remediation Holdings Group amounted to £220,000 (2010: £nil).

22. RELATED PARTY TRANSACTIONS

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

During the year the group undertook the following transactions and had amounts owing to/from members of the Churngold Remediation Holdings Limited group, Churngold Recycling Limited, JWS Churngold Limited, PD Edenhall Estates Limited, Churngold Building Services Limited, MDS Technologies Limited and Lulsgate Investments Limited, entities where J R Ancell is either a director and/or has an interest in more than 20% of the voting rights:

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2011				
Churngold Recycling Limited	1,830	172	104	3
Churngold Remediation Limited	126	122	-	8
JWS Churngold Limited	-	439	-	72
PD Edenhall Estates Limited	-	-	-	338
Churngold Building Services Limited	9	13	-	121
MDS Technologies Limited	-	7	2	-
Lulsgate Investments Limited	-	-	-	27

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2010				
Churngold Recycling Limited	982	176	291	19
Churngold Remediation Limited	94	258	26	358
JWS Churngold Limited	-	25	-	180
PD Edenhall Estates Limited	-	-	-	330
Churngold Building Services Limited	-	13	10	133
MDS Technologies Limited	-	35	-	5
Lulsgate Investments Limited	-	-	-	27

During the year there were short term financing transactions between related parties, which are not included in the above table, unless still outstanding at the year end.

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

23. SHARE CAPITAL

	2011		2010	
	No	£000	No	£000
Allotted, called up and fully paid:				
'A' Ordinary shares of £0.10 each	38,304	4	38,304	4
'B' Ordinary shares of £0.10 each	19,296	2	19,296	2
	<u>57,600</u>	<u>6</u>	<u>57,600</u>	<u>6</u>

24. RESERVES

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
Group			
At 1 June 2010	269	385	1,047
Profit for the year	-	-	270
Equity dividends	-	-	-
At 31 May 2011	<u>269</u>	<u>385</u>	<u>1,317</u>
Company			
At 1 June 2010	269	385	397
Profit for the year	-	-	323
Equity dividends	-	-	-
At 31 May 2011	<u>269</u>	<u>385</u>	<u>720</u>

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2011 £000	2010 £000
Profit for the financial year	270	541
Equity dividends	-	(1,008)
Net addition/(reduction) to shareholders' equity funds	<u>270</u>	<u>(467)</u>
Opening shareholders' equity funds	1,707	2,174
Closing shareholders' equity funds	<u><u>1,977</u></u>	<u><u>1,707</u></u>

26. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating profit to net cash inflow from operating activities	2011 £000	2010 £000
Operating profit	411	805
Amortisation	72	72
Depreciation	275	477
(Profit)/loss on disposal of fixed assets	(48)	19
Decrease/(increase) in debtors	329	(185)
Increase/(decrease) in creditors	336	(942)
Net cash inflow from operating activities	<u><u>1,375</u></u>	<u><u>246</u></u>
Returns on investments and servicing of finance	2011 £000	2010 £000
Interest received	24	50
Interest paid	(5)	-
Interest element of finance lease agreements	(19)	(66)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u><u>-</u></u>	<u><u>(16)</u></u>
Taxation	2011 £000	2010 £000
Taxation paid	<u><u>(276)</u></u>	<u><u>(357)</u></u>
Capital expenditure	2011 £000	2010 £000
Payments to acquire tangible fixed assets	(68)	(58)
Receipts from sale of fixed assets	549	532
Net cash inflow from capital expenditure	<u><u>481</u></u>	<u><u>474</u></u>

Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2011

26. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

Financing

	2011 £000	2010 £000
Capital element of finance lease agreements	(849)	(639)
Net cash outflow from financing	<u>(849)</u>	<u>(639)</u>

Reconciliation of net cash flow to movement in net funds

	2011 £000	2010 £000
Increase/(decrease) in cash in the year	731	(1,703)
Cash outflow in respect of hire purchase	849	639
Change in net funds resulting from cash flows	<u>1,580</u>	<u>(1,064)</u>
New finance leases contracts	<u>(602)</u>	<u>-</u>
Movement in net funds in the year	978	(1,064)
Opening net funds	<u>1,478</u>	<u>2,542</u>
Closing net funds	<u><u>2,456</u></u>	<u><u>1,478</u></u>

Analysis of changes in net funds

	At 1 June 2010 £000	Cash flows £000	Other changes £000	At 31 May 2011 £000
Net cash				
Cash in hand and at bank	<u>2,117</u>	<u>731</u>	<u>-</u>	<u>2,848</u>
Debt				
Finance lease agreements	<u>(639)</u>	<u>849</u>	<u>(602)</u>	<u>(392)</u>
	<u>(639)</u>	<u>849</u>	<u>(602)</u>	<u>(392)</u>
Net funds	<u><u>1,478</u></u>	<u><u>1,580</u></u>	<u><u>(602)</u></u>	<u><u>2,456</u></u>

27. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £nil (2010: £nil).

28. CONTROLLING RELATED PARTY

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