

Churngold Surfacing Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2012

Churngold Surfacing Limited

COMPANY INFORMATION

DIRECTORS

P R Coughlin (Managing Director)
A R Brown (Director)
R N Tredwin (Finance Director)

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 Surfacing Limited

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 May 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are the construction, repair and maintenance of car parks, access roads and highways.

The business continues to trade in line with expectations, supported by a strong cash position.

FUTURE DEVELOPMENTS

We expect the construction market to continue to be challenging for at least the next 12 months.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £45,000 (2011: £38,000). Dividends paid in the year are disclosed in note 7. The directors have not recommended the payment of a final dividend.

DIRECTORS

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

P R Coughlin
A R Brown
R N Tredwin

DIRECTORS RESPONSIBILITIES

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

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

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

In so far as the directors are aware:

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

Churngold Surfacing Limited

REPORT OF THE DIRECTORS *(continued)*

AUDITOR

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.

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
8 August 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CHURNGOLD SURFACING LIMITED

We have audited the financial statements on pages 6 to 15. 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 3, 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report

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: 8 August 2012

Churngold Surfacing Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2012

	Note	2012 £000	2011 £000
TURNOVER	2	1,516	1,492
Cost of sales		(1,281)	(1,249)
		<hr/>	<hr/>
GROSS PROFIT		235	243
Administrative expenses		(178)	(188)
		<hr/>	<hr/>
OPERATING PROFIT	3	57	55
Interest payable and similar charges		-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		57	55
Tax on profit on ordinary activities	6	(12)	(17)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	16	45	38
		<hr/> <hr/>	<hr/> <hr/>

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.

Churngold Surfacing Limited

BALANCE SHEET

as at 31 May 2012

	Note	2012 £000	2011 £000
FIXED ASSETS			
Tangible assets	8	28	32
CURRENT ASSETS			
Debtors	9	267	345
Cash at bank and in hand		221	81
CREDITORS: amounts falling due within one year			
	10	488	426
		391	338
NET CURRENT ASSETS			
		97	88
TOTAL ASSETS LESS CURRENT LIABILITIES			
		125	120
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	-	-
		125	120
CAPITAL AND RESERVES			
Called-up share capital	15	10	10
Profit and loss account	16	115	110
SHAREHOLDERS FUNDS			
	17	125	120

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements on pages 6 to 15 were approved by the directors and authorised for issue on 8 August 2012, and are signed on their behalf by:



R N Tredwin
Director

Churngold Surfacing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

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 company have remained unchanged from the previous year.

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 wholly owned and its ultimate 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 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 8 years (straight line)

Motor Vehicles - over 3 to 4 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.

Churngold Surfacing Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2012

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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.

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 Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 May 2012

2. TURNOVER

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

	2012 £000	2011 £000
United Kingdom	<u>1,516</u>	<u>1,492</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2012 £000	2011 £000
Depreciation of owned fixed assets	26	25
Auditor's remuneration:		
Audit fees – Baker Tilly UK Audit LLP	3	3
Non-audit fees – Baker Tilly UK Tax & Accounting Limited	1	1
Operating lease costs:		
Plant and equipment	<u>28</u>	<u>22</u>

4. DIRECTORS AND EMPLOYEES

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

	2012 No	2011 No
Operatives	6	7
Administration and managerial	2	2
	<u>8</u>	<u>9</u>

The aggregate payroll costs of the above were:

	2012 £000	2011 £000
Wages and salaries	263	284
Social security costs	25	25
Other pension costs	3	3
	<u>291</u>	<u>312</u>

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 May 2012

5. DIRECTORS

Remuneration in respect of directors was as follows:

	2012 £000	2011 £000
Emoluments receivable	56	53
Value of company pension contributions to money purchase Schemes	6	9
	<u>62</u>	<u>62</u>

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

	2012 No	2011 No
Money purchase schemes	<u>1</u>	<u>1</u>

Share options have been issued to certain directors which will be satisfied from the existing share capital of the ultimate parent company. No directors exercised share options during the year (2011: none).

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £000	2011 £000
Current tax		
UK Corporation tax based on the results for the year at 26% (2010: 28%)	12	20
Total current tax	<u>12</u>	<u>20</u>
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	-	(3)
Tax on profit on ordinary activities	<u>12</u>	<u>17</u>

(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 26% (2011: 28%)

	2012 £000	2011 £000
Profit on ordinary activities before taxation	<u>57</u>	<u>55</u>
Profit on ordinary activities by rate of tax	15	15
Expenses not deductible for tax purposes	1	2
Capital allowances less than / (in excess of) depreciation	(1)	4
Change in rate of taxation	(3)	(1)
Current tax (note 6(a))	<u>12</u>	<u>20</u>

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the year ended 31 May 2012

7. DIVIDENDS

	2012 £000	2011 £000
Dividends paid in the year: £4.08 per £1 share	40	35

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £000	Motor Vehicles £000	Total £000
Cost			
At 1 June 2011	239	30	269
Additions	13	15	28
Disposals	-	(13)	(13)
At 31 May 2012	252	32	284
Depreciation			
At 1 June 2011	220	17	237
Charge for the year	17	9	26
Disposals	-	(7)	(7)
At 31 May 2012	237	19	256
Net book value			
At 31 May 2012	15	13	28
At 31 May 2011	19	13	32

9. DEBTORS

	2012 £000	2011 £000
Trade debtors	2	4
Amounts owed by group undertakings	182	179
Amounts owed by related undertakings	-	-
Amounts recoverable on contracts	79	132
Other debtors	-	25
Prepayments and accrued income	4	5
	267	345

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 May 2012

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000	2011 £000
Trade creditors	293	221
Amounts owed to group undertakings	7	3
Corporation tax	8	20
Other taxes and social security	6	9
Amounts owed to related undertakings	1	2
Accruals and deferred income	76	83
	<u>391</u>	<u>338</u>

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. DEFERRED TAXATION

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

	2012 £000	2011 £000
Provision brought forward	-	3
Profit and loss account movement arising during the year	-	(3)
	<u>-</u>	<u>-</u>
Provision carried forward	<u>-</u>	<u>-</u>

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

	2012 £000	2011 £000
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>-</u>

13. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 May 2012 or 31 May 2011.

The company has available facilities in respect of performance bonds entered into in the normal course of business. Additionally, the bank holds a letter of cross guarantee and debenture between the company and its immediate and ultimate parent undertaking in respect of bank borrowings

Churngold Surfacing Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2012

14. 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.

During the year, the company undertook the following transactions and had amounts owing to/from Churngold Recycling Limited and Churngold Remediation Limited, companies where J R Ancell is either a director and/or has an interest in more than 20% of the voting rights, as at 31 May 2012:

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2012				
Churngold Recycling Limited	5	-	1	-
Churngold Remediation Limited	4	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2011				
Churngold Recycling Limited	6	-	1	-
Churngold Remediation Limited	4	-	1	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15. SHARE CAPITAL

	No	2012 £000	No	2011 £000
Allotted, called up and fully paid: Ordinary shares of £1 each	9,800	10	9,800	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. PROFIT AND LOSS ACCOUNT

	2012 £000	2011 £000
Balance brought forward	110	107
Profit for the financial year	45	38
Equity dividends paid	(40)	(35)
	<u> </u>	<u> </u>
Balance carried forward	115	110
	<u> </u>	<u> </u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2012 £000	2011 £000
Profit for the financial year	45	38
Equity dividends paid	(40)	(35)
	<u> </u>	<u> </u>
Net additions to shareholder's funds	5	3
Opening shareholder's equity funds	120	117
	<u> </u>	<u> </u>
Closing shareholder's equity funds	125	120
	<u> </u>	<u> </u>

Churngold Surfacing Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2012

18. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 May 2012 or 31 May 2011.

19. ULTIMATE PARENT COMPANY AND CONTROLLING RELATED PARTY

The company is a wholly owned subsidiary of Churngold Construction Limited, itself wholly owned by 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 J R Ancell is the company's controlling related party by virtue of his majority beneficial shareholding in the ultimate parent company.