

**Churngold Construction  
Holdings Limited**

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 May 2014

# Churngold Construction Holdings Limited

## COMPANY INFORMATION

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### 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

## STRATEGIC REPORT

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### REVIEW OF BUSINESS

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 traded well and the May 14 result is in line with expectations.

### KEY PERFORMANCE INDICATORS

<b>Financial metrics</b>		2014	2013
Group revenue	£000	28,825	23,179
Group earnings before interest, tax, depreciation and amortisation	£000	621	178
Work in hand as % of next year's budget	%	55	60
<b>People</b>			
Staff as at 31 May			
	Construction	125	110
	Surfacing	9	10
	Holdings	3	4
	Total	No	
		<u>137</u>	<u>124</u>

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

### FUTURE DEVELOPMENT

The Construction Industry continues to be challenging, however the level of work in hand, against an increased turnover budget leaves the business well placed for the next financial year.

### PRINCIPAL RISKS AND UNCERTAINTIES AND MATTERS OF STRATEGIC IMPORTANCE

The directors recognise that the outlook for the group is based upon a number of key assumptions, some of which are outside the group's control. The directors do not consider any of the identified risks to have the potential to materially impact the group.

The main risks 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 hire purchase facilities provided by major high street lenders and overdraft facilities provided by Bank of Scotland. At the year end the group had access to undrawn borrowing facilities of £1,000,000 (2013: £1,000,000). The maturity profile of 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 arranged on the majority of debts.

# Churngold Construction Holdings Limited

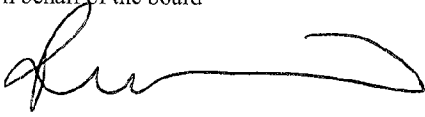
## STRATEGIC REPORT *(continued)*

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### 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.

On behalf of the board



R.N. Tredwin  
15 August 2014

# Churngold Construction Holdings Limited

## REPORT OF THE DIRECTORS

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The Directors present their report and the financial statements of the group for the year ended 31 May 2014.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £256,000 (2013: loss of £177,000). Particulars of dividends paid and declared are detailed in note 10 to the financial statements.

### FUTURE DEVELOPMENTS

The construction industry continues to be challenging, however the level of work in hand and cash backed nature of the balance sheet leaves the business well placed for the next financial year.

### DONATIONS

During the year the company made charitable donations of £26,350 (2013: £90).

### DIRECTORS

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

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

### DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the group and the company and 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 are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 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.

### 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.

BY ORDER OF THE BOARD

  
R N Tredwin  
Secretary  
15 August 2014

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

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We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 24. 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 5, 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2014 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 Strategic Report and 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*

HEATHER WHEELHOUSE (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: *18 August 2014*

Churngold Construction Holdings Limited  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 May 2014

	Note	2014 £000	2013 £000
GROUP TURNOVER	2	28,825	23,179
Cost of sales		(25,623)	(20,825)
GROSS PROFIT		3,203	2,354
Administrative expenses		(2,827)	(2,463)
OPERATING PROFIT/(LOSS)	3	375	(109)
Interest receivable	6	4	19
Interest payable and similar charges	7	(29)	(18)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		350	(108)
Tax on profit on ordinary activities	8	(94)	(69)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	24	256	(177)

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 2014

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Intangible assets	11	-	-
Tangible assets	12	1,365	1,120
		<u>1,365</u>	<u>1,120</u>
<b>CURRENT ASSETS</b>			
Debtors	14	6,098	5,914
Cash at bank and in hand		2,418	1,736
		<u>8,516</u>	<u>7,650</u>
CREDITORS: amounts falling due within one year	15	7,485	6,832
		<u>7,485</u>	<u>6,832</u>
NET CURRENT ASSETS		<u>1,031</u>	<u>818</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		2,396	1,938
<b>CREDITORS: amounts falling due after more than one year</b>			
	16	217	63
		<u>2,179</u>	<u>1,875</u>
<b>PROVISION FOR LIABILITIES</b>			
Deferred taxation	19	63	15
		<u>63</u>	<u>15</u>
		<u>2,116</u>	<u>1,860</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	6	6
Share premium account	24	269	269
Other reserves	24	385	385
Profit and loss account	24	1,456	1,200
		<u>2,116</u>	<u>1,860</u>
SHAREHOLDERS FUNDS	25	<u>2,116</u>	<u>1,860</u>

These financial statements on pages 7 to 24 were approved by the directors and authorised for issue on 15 August 2014, and are signed on their behalf by:




J R Ancell  
Chairman



Churngold Construction Holdings Limited  
 COMPANY BALANCE SHEET  
 as at 31 May 2014

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Tangible assets	12	1	3
Investments	13	1,162	1,162
		<u>1,163</u>	<u>1,165</u>
<b>CURRENT ASSETS</b>			
Debtors	14	747	749
		<u>747</u>	<u>749</u>
CREDITORS: amounts falling due within one year	15	735	677
<b>NET CURRENT ASSETS</b>			
		<u>12</u>	<u>72</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,175</u>	<u>1,237</u>
CREDITORS: amounts falling due after more than one year	16	-	-
		<u>1,175</u>	<u>1,237</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	6	6
Share premium account	24	269	269
Other reserves	24	385	385
Profit and loss account	24	515	577
<b>SHAREHOLDERS FUNDS</b>			
		<u>1,175</u>	<u>1,237</u>

These financial statements on pages 7 to 24 were approved by the directors and authorised for issue on 15 August 2014, 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 2014

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	Note	2014 £000	2013 £000
Net cash inflow/ (outflow) from operating activities	26	1,216	(670)
Returns on investments and servicing of finance	26	(25)	1
Taxation	26	(135)	(65)
Capital expenditure and financial investment	26	(178)	(9)
Cash inflow/(outflow) before financing		<u>878</u>	<u>(743)</u>
Financing	26	(196)	(149)
Increase / (decrease) in cash	26	<u>682</u>	<u>(892)</u>

# Churngold Construction Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

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### 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)

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 certain 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 2014

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## 1. 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 when can be foreseen. In the balance sheet, 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.

# Churngold Construction Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

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### 2. TURNOVER

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

	2014 £000	2013 £000
United Kingdom	28,825	23,179

### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2014 £000	2013 £000
Depreciation of owned fixed assets	111	155
Depreciation of assets held under finance lease agreements	135	132
Profit on disposal of fixed assets	(55)	(68)
Auditor's remuneration:		
Audit fees – Baker Tilly UK Audit LLP	14	14
Taxation fees – Baker Tilly UK Tax & Accounting LLP	6	6
Operating lease costs:		
Plant and equipment	2,851	2,452
Other	213	200

### 4. PARTICULARS OF EMPLOYEES

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

	2014	2013
Operatives	102	82
Administration and managerial	35	42

The aggregate payroll costs of the above were:

	2014 £000	2013 £000
Wages and salaries	5,576	4,501
Social security costs	524	525
Other pension costs	339	94

# Churngold Construction Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

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### 5. DIRECTORS

Remuneration in respect of directors was as follows:

	2014 £000	2013 £000
Emoluments receivable	367	245
Value of company pension contributions to defined contribution schemes	124	-
Unrealised gain made on exercise of EMI share options	-	41
	<u>491</u>	<u>286</u>

Emolument of highest paid director:

	2014 £000	2013 £000
Total emoluments (excluding pension contributions)	103	110
Value of company pension contributions to defined contribution schemes	124	-
	<u>227</u>	<u>110</u>

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

	2014 No	2013 No
Defined contribution schemes	<u>1</u>	<u>-</u>

Share options have been issued to certain directors which will be satisfied from existing share capital. No directors exercised share options during the year (2013: one).

### 6. INTEREST RECEIVABLE

	2014 £000	2013 £000
Bank interest receivable	4	15
Interest receivable from related undertakings	-	4
	<u>4</u>	<u>19</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
Finance charges payable under finance lease agreements	13	14
Bank interest and other similar charges	16	4
	<u>29</u>	<u>18</u>

# Churngold Construction Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

### 8. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2014 £000	2013 £000
Current tax		
In respect of the year:		
UK Corporation tax based on the results for the year at 22.7% (2013: 24%)	46	74
(Over)/under provision in prior year	-	-
Total current tax	46	74
Deferred tax:		
Origination and reversal of timing differences (note 19)	48	(5)
Tax on profit on ordinary activities	94	69

#### (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 23% (2013: 24%).

	2014 £000	2013 £000
Profit/(loss) on ordinary activities before taxation	350	(108)
Profit/(loss) on ordinary activities by rate of tax	81	(26)
Expenses not deductible for tax purposes	64	91
Capital allowances for period less than depreciation	(99)	9
Current tax (note 8(a))	46	74

### 9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £62,000 (2013: £149,000).

### 10. DIVIDENDS

	2014 £000	2013 £000
Declared at the year end (recognised as a liability):		
Dividend on ordinary shares	-	-
Declared and paid during the year:		
Dividend on ordinary shares	-	-

# Churngold Construction Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

### 11. INTANGIBLE FIXED ASSETS

Group	Goodwill £000
Cost	
At 1 June 2013 and 31 May 2014	720
Amortisation	
At 1 June 2013 and 31 May 2014	720
Net Book Value	
At 31 May 2014	-
At 31 May 2013	-

Goodwill relates to the acquisition of the Churngold Construction Limited group and has been 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 2013	465	1,738	81	63	2,347
Additions	-	681	32	-	713
Disposals	-	(443)	(26)	-	(469)
At 31 May 2014	465	1,976	87	63	2,591
Depreciation					
At 1 June 2013	40	1,063	61	63	1,227
Charge for the year	3	233	10	-	246
On disposals	-	(227)	(20)	-	(247)
At 31 May 2014	43	1,069	51	63	1,226
Net Book Value					
At 31 May 2014	422	907	36	-	1,365
At 31 May 2013	425	675	20	-	1,120

Included within the net book value of £1,365,000 is £603,000 (2013: £504,000) 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 £135,000 (2013: £132,000).



# Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

## 12. TANGIBLE FIXED ASSETS *(continued)*

Company	Plant & Machinery £000	Leasehold Improvements £000	Total £000
Cost			
At 1 June 2013	15	22	37
Additions	-	-	-
At 31 May 2014	<u>15</u>	<u>22</u>	<u>37</u>
Depreciation			
At 1 June 2013	12	22	34
Charge for the year	2	-	2
At 31 May 2014	<u>14</u>	<u>22</u>	<u>36</u>
Net Book Value			
At 31 May 2014	<u>1</u>	<u>-</u>	<u>1</u>
At 31 May 2013	<u>3</u>	<u>-</u>	<u>3</u>

## 13. INVESTMENTS

Company	Group Companies £000
Cost at 1 June 2013 and 31 May 2014	<u>1,162</u>
Net Book Value	
At 31 May 2014	<u>1,162</u>
At 31 May 2013	<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 2014

### 14. DEBTORS

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade debtors	2,014	1,043	-	5
Amounts owed by group undertakings	-	-	76	74
Amounts recoverable on contracts	3,218	4,058	-	-
Amounts owed by related undertakings	481	498	456	457
Other debtors	304	213	212	213
Prepayments and accrued income	56	102	3	-
Corporation tax	25	-	-	-
	<u>6,098</u>	<u>5,914</u>	<u>747</u>	<u>749</u>

Included within trade debtors are amounts of £477,000 (2013: £306,000) in respect of retentions, and included within other debtors is an amount of £200,000 (2013: £200,000) in respect of a loan, all falling due after more than one year.

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade creditors	3,597	3,840	9	7
Payments on account	221	-	-	-
Bank overdraft	-	-	601	622
Amounts due under finance lease agreements	144	236	-	-
Corporation tax	-	65	-	-
Other taxation and social security	842	577	12	31
Accruals and deferred income	2,681	2,114	113	17
	<u>7,485</u>	<u>6,832</u>	<u>735</u>	<u>677</u>

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

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts due under finance lease agreements	217	63	-	-
	<u>217</u>	<u>63</u>	<u>-</u>	<u>-</u>

# Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

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## 17. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts payable within 1 year	144	236	-	-
Amounts payable between 2 to 5 years	217	63	-	-
	<u>361</u>	<u>299</u>	<u>-</u>	<u>-</u>

Finance leases agreements are analysed as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Current obligations (note 15)	144	236	-	-
Non-current obligations (note 16)	217	63	-	-
	<u>361</u>	<u>299</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 2014

## 19. DEFERRED TAXATION

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

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Provision brought forward	15	20	-	-
Increase/ (Decrease) in provision	48	(5)	-	-
Provision carried forward	<u>63</u>	<u>15</u>	<u>-</u>	<u>-</u>

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

Group	2014		2013	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Excess of taxation allowances over depreciation on fixed assets	64	-	16	-
Short term timing differences	(1)	-	(1)	-
	<u>63</u>	<u>-</u>	<u>15</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 2013	16	(1)	15
Movements during the year	48	-	48
At 31 May 2014	<u>64</u>	<u>(1)</u>	<u>63</u>

## 20. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2014 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2014		2013	
	Land & Buildings £000	Other Items £000	Land & Buildings £000	Other Items £000
Operating leases which expire:-				
Within 1 year	42	-	51	73
Within 2 to 5 years	-	119	-	-
	<u>-</u>	<u>119</u>	<u>-</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 2014

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### 21. CONTINGENCIES

There are contingent liabilities in respect of performance guarantees entered into in the normal course of business amounting to £nil as at 31 May 2014 (2013: £976,000) on behalf of Churngold Construction Limited. There is a cross guarantee between this company and Churngold Remediation Holdings Limited relating to the bank overdraft facility. At 31 May 2014, the bank borrowings in Churngold Remediation Holdings Group amounted to £27,000 (2013: £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, the Churngold Recycling Holdings Limited group and Churngold Building Services Limited entities where J R Ancell is both a director and one of the beneficiaries of the Ancell Trust, of which the Bourse Trust Company Limited is the Trustee and able to exercise more than 20% of the votes at 31 May 2014; and PD Edenhall Estates 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
<b>2014</b>				
Churngold Recycling Limited	-	-	-	-
Churngold Remediation Limited	77	156	-	20
Churngold Waste and Recycling Limited	-	7	-	-
PD Edenhall Estates Limited	-	-	-	428
Churngold Building Services Limited	232	79	-	5
Lulsgate Investments Limited	-	-	-	28
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the prior year, the company provided against non-repayment of £400,000 of monies due from Churngold Recycling Holdings Limited.

	Purchases £000	Sales £000	Owed to £000	Owed by £000
<b>2013</b>				
Churngold Recycling Limited	-	95	-	-
Churngold Remediation Limited	62	259	-	31
Churngold Waste and Recycling Limited	71	129	-	12
PD Edenhall Estates Limited	-	-	-	427
Churngold Building Services Limited	28	14	-	1
Lulsgate Investments Limited	-	-	-	27
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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 2014

## 23. SHARE CAPITAL

	2014		2013	
	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
<b>Group</b>			
At 1 June 2013	269	385	1,200
Profit for the year	-	-	256
At 31 May 2014	<u>269</u>	<u>385</u>	<u>1,456</u>
<b>Company</b>			
At 1 June 2013	269	385	577
Loss for the year	-	-	(62)
At 31 May 2014	<u>269</u>	<u>385</u>	<u>515</u>

# Churngold Construction Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

### 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2014 £000	2013 £000
Profit / (Loss) for the financial year	256	(177)
Equity dividends	-	-
	<u>256</u>	<u>(177)</u>
Net addition to/(reduction in) shareholders' equity funds	256	(177)
Opening shareholders' equity funds	1,860	2,037
	<u>2,116</u>	<u>1,860</u>
Closing shareholders' equity funds	<u>2,116</u>	<u>1,860</u>

### 26. NOTES TO THE STATEMENT OF CASH FLOWS

#### Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2014 £000	2013 £000
Operating profit/ (loss)	375	(109)
Depreciation	246	287
Profit on disposal of fixed assets	(55)	(68)
Decrease / (increase) in debtors	(158)	96
Increase / (decrease) in creditors	808	(876)
	<u>1,216</u>	<u>(670)</u>
Net cash inflow/ (outflow) from operating activities	<u>1,216</u>	<u>(670)</u>

#### Returns on investments and servicing of finance

	2014 £000	2013 £000
Interest received	4	19
Interest paid	(16)	(4)
Interest element of finance lease agreements	(13)	(14)
	<u>(25)</u>	<u>1</u>
Net cash (outflow)/ inflow from returns on investments and servicing of finance	<u>(25)</u>	<u>1</u>

#### Taxation

	2014 £000	2013 £000
Taxation paid	(135)	(65)
	<u>(135)</u>	<u>(65)</u>

#### Capital expenditure

	2014 £000	2013 £000
Payments to acquire tangible fixed assets	(455)	(106)
Receipts from sale of fixed assets	277	97
	<u>(178)</u>	<u>(9)</u>
Net cash outflow from capital expenditure	<u>(178)</u>	<u>(9)</u>

# Churngold Construction Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

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

### Financing

	2014 £000	2013 £000
Capital element of finance lease agreements	(196)	(149)
Net cash outflow from financing	<u>(196)</u>	<u>(149)</u>

### Reconciliation of net cash flow to movement in net funds

	2014 £000	2013 £000
Increase/ (decrease) in cash in the year	682	(892)
Cash outflow in respect of hire purchase	196	149
Change in net funds resulting from cash flows	<u>878</u>	<u>(743)</u>
New finance leases contracts	<u>(258)</u>	<u>(158)</u>
Movement in net funds in the year	620	(901)
Opening net funds	1,437	2,338
Closing net funds	<u>2,057</u>	<u>1,437</u>

### Analysis of changes in net funds

	At 1 June 2013 £000	Cash flows £000	Other changes £000	At 31 May 2014 £000
Net cash				
Cash in hand and at bank	<u>1,736</u>	<u>682</u>	<u>-</u>	<u>2,418</u>
Debt				
Finance lease agreements	<u>(299)</u>	<u>196</u>	<u>(258)</u>	<u>(361)</u>
	<u>(299)</u>	<u>196</u>	<u>(258)</u>	<u>(361)</u>
Net funds	<u>1,437</u>	<u>878</u>	<u>(258)</u>	<u>2,057</u>

The amounts included in another changes above relates to the inception of new finance lease agreements.

## 27. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £nil (2013: £nil).

## 28. CONTROLLING RELATED PARTY

The directors consider that the ultimate controlling party is Bourse Trust Company Limited, as Trustee of the Ancell Trust, by virtue of its majority shareholding in the company.