

Churngold Surfacing Limited
REPORT AND FINANCIAL STATEMENTS
for the year ended
31 May 2015

Churngold Surfacing Limited

COMPANY INFORMATION

DIRECTORS

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

For the year ended 31 May 2015

The directors present their report and the financial statements of the company for the year ended 31 May 2015.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were construction, repair and maintenance of car parks, access roads, highways and airport runways. The directors have since made the decision to cease trading after completing the company's contractual commitments, due to losses incurred this year.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £141,000 (2014: profit of £1,000). No dividends were paid in the year. 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:

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 are sufficient to show and explain the company's transactions and 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.

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.

Churngold Surfacing Limited

REPORT OF THE DIRECTORS *(continued)*

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
2nd September 2015

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

We have audited the financial statements on pages 6 to 14. 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss 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 from the requirement to prepare a strategic report or directors' report

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: *7 September 2015.*

Churngold Surfacing Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2015

	Note	2015 £000	2014 £000
TURNOVER			
Cost of sales	2	1,415 (1,341)	2,153 (1,914)
GROSS PROFIT		<u>74</u>	<u>239</u>
Administrative expenses		(251)	(235)
OPERATING (LOSS)/PROFIT	3	<u>(177)</u>	<u>4</u>
Interest payable and similar charges		-	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(177)</u>	<u>4</u>
Tax on profit on ordinary activities	6	36	(3)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u><u>(141)</u></u>	<u><u>1</u></u>

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

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

Churngold Surfacing Limited

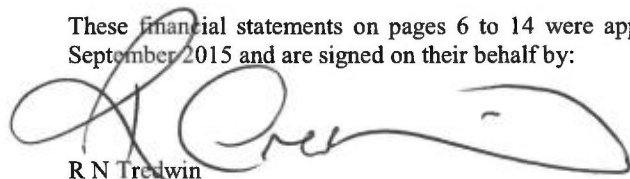
BALANCE SHEET

as at 31 May 2015

	Note	2015 £000	2014 £000
FIXED ASSETS			
Tangible assets	8	25	21
CURRENT ASSETS			
Debtors	9	429	370
Cash at bank and in hand		-	90
		429	460
CREDITORS: amounts falling due within one year	10	(510)	(396)
NET CURRENT (LIABILITIES) / ASSETS		(81)	64
TOTAL ASSETS LESS CURRENT LIABILITIES		(56)	85
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	12	-	-
		(56)	85
CAPITAL AND RESERVES			
Called-up share capital	15	10	10
Profit and loss account	16	(66)	75
SHAREHOLDERS (DEFICIT) / FUNDS	17	(56)	85

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 14 were approved by the directors and authorised for issue on 2nd September 2015 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 2015

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.

BASIS OF PREPARATION

The directors have made the decision to cease trading after completing the company's contractual commitments.

For that reason these financial statements have been prepared using the non-going concern basis, being the break up basis, as the directors do not consider that the company can be regarded as a going concern. However, the directors have received confirmation of ongoing support from group companies which will allow the company to meet its liabilities as they fall due.

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 certain 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.

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2015

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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. In the balance sheet, the value of work completed at the year end for which no sales invoice has been raised or no certification is made or paid, is included in amounts recoverable on long-term contracts. Where the value of work done is less than the amount invoiced, the balance is included in payments on account in creditors.

2. TURNOVER

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

	2015 £000	2014 £000
United Kingdom	1,415	2,153

3. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated after charging:

	2015 £000	2014 £000
Depreciation of owned fixed assets	16	18
Auditor's remuneration:		
Audit fees – Baker Tilly UK Audit LLP	3	3
Operating lease costs:		
Plant and equipment	135	25

4. EMPLOYEES

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

	2015 No	2014 No
Operatives	6	7
Administration and managerial	2	2
	8	9

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2015

4. EMPLOYEES (*continued*)

The aggregate payroll costs of the above were:

	2015 £000	2014 £000
Wages and salaries	302	349
Social security costs	29	35
Other pension costs	3	4
	<u>334</u>	<u>388</u>

5. DIRECTORS

Remuneration in respect of directors was as follows:

	2015 £000	2014 £000
Emoluments receivable	-	56
Value of company pension contributions to money purchase Schemes	-	3
	<u>-</u>	<u>59</u>

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

	2015 No	2014 No
Money purchase schemes	<u>-</u>	<u>1</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015 £000	2014 £000
Current tax		
UK Corporation tax based on the results for the year at 20.83% (2014: 20%)	(36)	3
Total current tax	<u>(36)</u>	<u>3</u>
Deferred tax		
Origination and reversal of timing differences (note 12)	-	-
Capital allowances	-	-
Tax on profit on ordinary activities	<u>(36)</u>	<u>3</u>

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2015

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2014: 23%)

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before taxation	(177)	4
(Loss)/profit on ordinary activities by rate of tax	(37)	1
Capital allowances less than / (in excess of) depreciation	1	2
Current tax (note 6(a))	(36)	3

7. DIVIDENDS

	2015 £000	2014 £000
Dividends paid in the year: £nil (2014: £nil) per £1 share	-	-

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £000	Motor Vehicles £000	Total £000
Cost			
At 1 June 2014	265	41	306
Additions	5	15	20
Disposals	-	(13)	(13)
At 31 May 2015	270	43	313
Depreciation			
At 1 June 2014	264	21	285
Charge for the year	2	14	16
Disposals	-	(13)	(13)
At 31 May 2015	266	22	288
Net book value			
At 31 May 2015	4	21	25
At 31 May 2014	1	20	21

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2015

9. DEBTORS

	2015 £000	2014 £000
Trade debtors	11	17
Amounts owed by group undertakings	52	57
Amounts recoverable on contracts	318	204
Other debtors	48	92
	<u>429</u>	<u>370</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000	2014 £000
Bank overdraft	103	-
Trade creditors	327	321
Amounts owed to group undertakings	3	4
Corporation tax	3	3
Other taxes and social security	17	12
Accruals and deferred income	56	56
Amounts owed to related undertakings	1	-
	<u>510</u>	<u>396</u>

11. PENSIONS

The company operates defined contribution schemes for the benefit of certain employees. The assets of the schemes are administered by trustees in a fund independent from those of the company. At the year end there were contributions of £313 (2014: £1,037) due to the schemes.

12. DEFERRED TAXATION

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

	2015 £000	2014 £000
Provision brought forward	-	-
Profit and loss account movement arising during the year	-	-
	<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:

	2015 £000	2014 £000
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>-</u>

13. CONTINGENT LIABILITIES

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. At the year end, these borrowings amounted to £701,000 (2014: £601,000).

Churngold Surfacing Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2015

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 Remediation Limited, a company 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 2015:

	Purchases £000	Sales £000	Owed to £000	Owed by £000
2015				
Churngold Remediation Limited	4	47	1	-
	<u>4</u>	<u>47</u>	<u>1</u>	<u>-</u>
2014				
Churngold Remediation Limited	4	4	-	-
	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>

15. SHARE CAPITAL

	No	2015 £000	No	2014 £000
Allotted, called up and fully paid: Ordinary shares of £1 each	9,800	10	9,800	10
	<u>9,800</u>	<u>10</u>	<u>9,800</u>	<u>10</u>

16. PROFIT AND LOSS ACCOUNT

	2015 £000	2014 £000
Balance brought forward	75	74
(Loss)/profit for the financial year	(141)	1
Balance carried forward	<u>(66)</u>	<u>75</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS (DEFICIT) / FUNDS

	2015 £000	2014 £000
(Loss)/profit for the financial year	(141)	1
Net (reductions)/additions to shareholder's funds	<u>(141)</u>	<u>1</u>
Opening shareholder's equity funds	85	84
Closing shareholder's equity (deficit) / funds	<u>(56)</u>	<u>85</u>

Churngold Surfacing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2015

18. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 May 2015 or 31 May 2014.

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