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Claude Fenton (Holdings) Limited

Report and Financial Statements

Year Ended
30 September 2007

CLAUDE FENTON (HOLDINGS) LIMITED

Fifty-eighth annual general meeting

Notice is hereby given that the fifty-eighth Annual General Meeting of the shareholders of the Company will be held at 12 noon on 30 April 2008 at The Loddon Room, Berkshire Conference Centre, Madejski Stadium, Reading for the following purposes

1. To consider the minutes of the fifty-seventh Annual General Meeting held on 27 April 2007

2. To consider the audited financial statements for the year ended 30 September 2007 and to adopt the financial statements and the reports of the Directors and Auditor

3. To declare a final ordinary dividend

4. To re-elect the following Director – A J Harper retires by rotation and being eligible offers himself for re-election

5. To re-appoint Chantrey Vellacott DFK LLP as Auditor and authorise the Directors to fix their remuneration

6. To transact any other ordinary business of the Company

By order of the Board

M R P Fenton
Secretary

Approved by the directors on 7 April 2008

Unit 1 Kennet Weir Business Park
Arrowhead Road
Theale
Reading
RG7 4AE

Note

A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, vote instead of him or herself The proxy need not be a member Instruments appointing proxies must be lodged with the Company's Secretary not less than forty-eight hours before the time fixed for the meeting

CLAUDE FENTON (HOLDINGS) LIMITED

Annual report and financial statements
Year ended 30 September 2007

Contents

Directors

Page:

Directors

P R Fenton (Chairman)
M R P Fenton
D B Gammer
A J Harper

Secretary and registered office

M R P Fenton, Unit 1 Kennet Weir Business Park, Arrowhead Road, Theale, Reading, Berkshire, RG7 4AE

Company number

474108

Auditor

Chantrey Vellacott DFK LLP, Prospect House, 58 Queens Road, Reading, RG1 4RP

CLAUDE FENTON (HOLDINGS) LIMITED

Chairman's Report 2007

I mentioned in my last report that the trading activities for the year ended 30 September 2006 had shown an increase over the previous year and I am pleased to report that there has been another substantial increase in the trading activities in the year ended 30 September 2007

Group turnover has been increased to £23,791,113 (2006 £16,418,607 restated) although this has not been matched by a comparable increase in operating profit partly for reasons which will be evident in the comments upon the performance of Claw Scaffold Limited

The operating profit for 2007 was £1,276,946 (2006 £1,385,515 restated) Group profit before tax but after charges for interest and other financial items for 2007 has remained similar at £1,054,548 (2006 £1,042,525 restated)

After providing for Corporation tax of £67,039 this leaves the Group with an increased profit after tax for 2007 of £987,509 (2006 £705,172 restated) There has been an exceptional credit for deferred tax, and tax chargeable in the year is as shown in the profit and loss account

Subject to the approval of the Company in General Meeting the Board of Directors propose that a final dividend of 36 5% (2006 35%) be paid which, along with the interim dividend of 12.5% already paid, will make a total for the year of 49% (2006 47 5%)

The Company during the year has developed and sold a further part of the Avon site and completed the industrial building on the same site mentioned as being started in my last report The Company still seeks to relocate its tenant at Horton Heath to allow redevelopment

Claude Fenton Limited
The Company has sold one of its developed houses and is working on four further detached houses It has land and property for the potential development of seven further houses, two flats and two shops

Claw Scaffold Limited
I am sorry to say that the Company has had a poor year due in part to a substantial bad debt resulting in a loss Following the resignation of the Managing Director changes have been made to the Board of the Company and further actions taken to reduce costs

Claude Fenton (Construction) Limited
The Company has achieved an improvement in turnover and profit and has an order book sufficient for its present needs

Claude Fenton (Plant Hire) Limited
The Company has again achieved an increase in turnover and profit

Alan Hadley Limited
The Company's performance has improved in both turnover and profit due partly to the acquisition of the recycling business last year It has acquired the assets and goodwill of a Reading based waste disposal business in the current year and also commenced an aggregate recycling operation during the current year

General
Overall there has been an improvement in the majority of the trading subsidiaries and the property, but marred by the events in one subsidiary I would like to thank all the staff and directors of the Group for their efforts, hard work and loyalty

P. R F

P R Fenton
Chairman
7 April 2008

CLAUDE FENTON (HOLDINGS) LIMITED

Report of the Directors
Year ended 30 September 2007

The Directors present their report together with the audited financial statements for the year ended 30 September 2007

Principal activities
The principal activities of the Group continue to be those of building and civil engineering contracting, waste recycling, waste disposal and associated operations, road haulage, plant hire, scaffolding; property development, and vehicle maintenance and refinishing

Review of the business and future developments
The Directors' review is aimed at being consistent with the size and nature of the Group's business The Chairman in his report has also referred to the results of the business for the year and future developments

Results and dividends
The results of the Group for the year are set out on page 8 There was a total profit before tax of £1,054,548 (2006 restated £1,042,525) There is a taxation charge of £67,039 (2006 £337,353) after an exceptional release of deferred taxation of £226,455 (2006 £Nil) leaving a profit after tax of £987,509 (2006 £705,172 restated) A final dividend of £231,227 (2006 £221,725) is proposed Following the introduction of Financial Reporting Standard No 21 in the previous year this final dividend is now accounted for in the year in which it is declared and paid In the year under review the final dividend of £221,725 from the previous year and an interim dividend of £79,188 (2006 £79,188) was paid The retained profit for the year was £686,596 (2006 £420,097 restated)

The contribution to turnover analysed over the different classes of activity is disclosed in Note 2 in the notes to the financial statements and shows both the areas in which the Group operates and the changes in percentage contribution year on year with an overall increase of over 45%

Overview
The Group's performance in general is closely aligned and dependent on the general economy, contracts and more specifically that of the performance of the construction industry which can be volatile In addition individual Group companies face specific risks, uncertainties and challenges

The legislative framework in which the Group companies operate is becoming ever more onerous Government announcements regarding the abolition of rates relief for unoccupied buildings are a cause for concern for both Claude Fenton (Holdings) Limited and Claude Fenton Limited should the units they hold become unoccupied for over six months At present however, only five small units are unoccupied of which four are under offer

The Group is continually reviewing its operations and the strength of its operational management to ensure they are fit to meet the challenges presented

Turning to the individual companies in the Group

Claude Fenton (Holdings) Limited
During the previous year, following the upward revaluation of the Group's property assets, the consolidated shareholders' funds saw a marked increase of some £2 8m over the 2005 year with the resulting strong balance sheet at the year end On 26 January 2006 Claude Fenton (Holdings) Limited increased its investment in the issued share capital of Alan Hadley Limited by £128,688 being 128,688 ordinary shares of £1 each by a capitalisation of its loan account balance Alan Hadley Limited increased its authorised share capital by £150,000 on the same date

During the year under review the Group finance and administration function has undertaken further activity in regard to the modernisation of IT systems and updating of internal processes to improve provision of management information and services to the Group companies

Alan Hadley Limited
The management is mindful of the continuing rapid changes in recycling markets and the legislative framework regarding environmental matters

During the previous year Alan Hadley Limited acquired, as a going concern, the Reading based waste recycling operations of a national company In this connection, plant, machinery, goodwill and other assets were acquired together with significant tipping rights The overall consideration, in excess of £1 million, comprised partly cash and partly an obligation for restoration after tipping Alan Hadley Limited accordingly set up a provision of £763,000 for the future costs It also acquired the lease of a new transfer station near Theale in Reading for the processing of waste and in this connection exchanged various waste management licences. The Directors reviewed the allocations for the provisions to reinstate land after tipping and concluded, following this review, that adequate provisions had been made

As a result of this acquisition and other commercial initiatives the Company enjoyed significant sales growth during the year under review which has continued since the year end The post-balance sheet establishment of the new aggregate recycling plant and acquisition of a local skip waste recycling business referred to below are expected to support further sales growth though these also bring additional cost and business integration challenges for the management

During the year under review the company relocated its primary operating centre from Thatcham to Theale to improve operating efficiency and reduce operating costs

Claw Scaffold Limited
Performance of Claw Scaffold Limited is linked to the housing market and especially the level of new build activity This sector is particularly difficult at the moment

During the year the Company suffered a significant bad debt and reduction in order book due to a major customer going into administration and subsequently into liquidation, which contributed to a loss for the year The Directors have taken steps to return the Company to eventual profitability including changes in senior management, reductions in the labour force and improved marketing of the Company's services The Directors have also taken the opportunity to carry out a portfolio revaluation of scaffolding equipment at the balance sheet date

Claude Fenton (Plant Hire) Limited
The management of Claude Fenton (Plant Hire) Limited are continuing to focus on improving utilisation and on diversifying the Company's customer base so as to reduce over time its dependence on the construction industry and to establish new niche sectors

During the year the Company has taken out a short term lease on new premises in West London to enhance its ability to develop business in the capital, to improve the efficiency of the service to existing customers in that geographical area and to provide operational benefits

The Company has continued to invest in new equipment in response to customer demand

Claude Fenton (Construction) Limited
The size of the order book is a key performance indicator and the steps taken in the previous year have been successful in building the order book and maintaining it at a good level

As a consequence the turnover of the business has increased significantly during the year under review and the Company has continued to tender and secure construction contracts The Directors also took the opportunity to review how income from such contracts is recognised

Claude Fenton Limited
Claude Fenton Limited is affected by the strength of the local housing market which can sometimes be unpredictable

During the year the Company sold one completed site, continued to work on its existing projects and acquired further sites for development

Post balance sheet events
Alan Hadley Limited has commissioned a major recycling plant at one of the landfill sites it operates to extract aggregates and sands from inert waste, producing saleable recyclates and reducing the amount of waste going into landfill In support of this development the Company took out a bank loan of £300,000 On 28 January 2008 the Company acquired as a going concern the goodwill and the assets of a Reading based skip waste recycling business for £550,000

Alan Hadley Limited continues to be in discussion regarding the acquisition of landfill rights as part of its normal activities These rights may in some cases include an obligation to restore the site at the end of its useful life As part of a planned succession the board has been strengthened by the appointment of a new Director

Claw Scaffold Limited appointed a new Managing Director in November 2007 The Bridgwater depot has been closed and costs are being reduced at both the Reading and East Sussex depots

Claude Fenton Limited sold two of its investment properties for £290,000 The Company also acquired a further development site for £695,000 and took out a further bank loan for £750,000

Market value of land and buildings – non investment properties
The last professional valuation of the Group's land and buildings was at 30 September 2006, and the Directors have adopted these valuations for the purposes of the financial statements

Charitable and political contributions
During the year the Group made charitable contributions amounting to £2,326 (2006 £808)

Directors
The Directors of the Company during the year were as follows

P R Fenton
M R P Fenton
D B Gammer
A J Harper

In accordance with the Articles of Association M R P Fenton retired by rotation at the Annual General Meeting on 27 April 2007 and was duly re-elected

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group 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 estimates that are reasonable and prudent, and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and 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 Company and 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
Chantrey Vellacott DFK LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting

Signed by order of the Board

M R P Fenton
Secretary

Approved by the directors on 7 April 2008

Independent auditor's report to the members of Claude Fenton (Holdings) Limited

We have audited the financial statements of Claude Fenton (Holdings) Limited for the year ended 30 September 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historical cost Profits and Losses and the related notes These financial statements have been prepared on the basis of the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 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

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the Company and the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Company's affairs as at 30 September 2007 and of the Group's profit for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor

Reading

7 April 2008

CLAUDE FENTON (HOLDINGS) LIMITED

Consolidated profit and loss account
Year ended 30 September 2007

	Note	Total 2007 £'000	Total 2006 As restated £'000
Turnover	2	23,791	16,419
Cost of sales		(19,600)	(12,861)
Gross profit		4,191	3,558
Administrative expenses		(4,240)	(3,536)
		(49)	22
Other operating income	3b	1,326	1,364
Operating profit	3a, 3b	1,277	1,386
Interest receivable	6	62	55
Interest payable	7	(351)	(378)
Other finance income/(costs)	27	28	(14)
Unwinding of discount	19	(7)	(6)
Release of provision for foreseeable losses	19	45	-
		(223)	(343)
Profit on ordinary activities before taxation		1,054	1,043
Tax on profit on ordinary activities before exceptional item	8	(293)	(338)
Exceptional release of deferred tax	8	226	-
Profit for the financial year	21	987	705

All of the activities of the Group are classed as continuing, notwithstanding the decision to close a branch of one of its subsidiary undertakings as this is not considered to have a material effect on the focus of the Group's operations

The notes on pages 13 to 42 form part of these financial statements.

CLAUDE FENTON (HOLDINGS) LIMITED

Consolidated statement of total recognised gains and losses and note of historical cost profits and losses
Year ended 30 September 2007

	Note	Group 2007 £'000	2006 As restated £'000
Consolidated statement of total recognised gains and losses			
Profit for the financial year		**987**	705
Unrealised deficit on revaluation of scaffolding	**22**	**(65)**	-
Unrealised surplus on revaluation of properties	**21, 22**	**-**	2,415
Actuarial gain in respect of the pension scheme	**27**	**519**	63
Movement on deferred tax relating to pension deficit	**19, 21**	**(156)**	(19)
Total recognised gains and losses for the year		**1,285**	3,164
Prior year adjustment (see note 23)		**30**	(498)
Total gains and losses recognised since the last annual report		**1,315**	2,666
Note of historical cost profits and losses			
Reported profit on ordinary activities before taxation		**1,054**	1,043
Differences between actual and historical cost depreciation		**119**	13
Actuarial gain in respect of the pension scheme	**27**	**519**	63
Movement on deferred tax relating to pension deficit	**19, 27**	**(156)**	(19)
Historical cost profit on ordinary activities before taxation		**1,536**	1,100
Retained historical cost profit for the year after taxation		**1,469**	762

The notes on pages 13 to 42 form part of these financial statements.

CLAUDE FENTON (HOLDINGS) LIMITED

Consolidated balance sheet
30 September 2007

	Note	2007		2006 As restated	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11		309		556
Tangible assets	12		25,621		24,818
			25,930		25,374
Current assets					
Stocks	15	3,910		2,000	
Debtors	16	4,729		6,733	
Cash at bank and in hand		3		-	
		8,642		8,733	
Creditors: amounts falling due within one year	17	(7,948)		(7,933)	
Net current assets			694		800
Total assets less current liabilities			26,624		26,174
Creditors: amounts falling due after more than one year	18	4,308		3,985	
Provisions for liabilities and charges	19	1,910		2,339	
			(6,218)		(6,324)
Net assets excluding pension liability			20,406		19,850
Pension liability	27		(167)		(595)
Net assets			20,239		19,255
Capital and reserves					
Called up share capital	20		633		633
Pension fund deficit	21, 27		(167)		(595)
Revaluation reserve	21		9,053		9,237
Profit and loss account	21		10,720		9,980
Equity shareholders' funds	22		20,239		19,255

These financial statements were approved by the Board and authorised for issue on 7 April 2008 and were signed on its behalf by

P R Fenton) P. R. Fenton
) **Directors**
A J Harper)

The notes on pages 13 to 42 form part of these financial statements.

CLAUDE FENTON (HOLDINGS) LIMITED

Company balance sheet
30 September 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Tangible assets	12		18,846		18,406
Investments	13		1,929		2,294
			20,775		20,700
Current assets					
Stocks	15	418		811	
Debtors	16	1,043		2,016	
Cash at bank and in hand		-		81	
		1,461		2,908	
Creditors: amounts falling due within one year	17	(1,745)		(2,674)	
Net current (liabilities)/assets			(284)		234
Total assets less current liabilities			20,491		20,934
Creditors: amounts falling due after more than one year	18	1,385		1,841	
Provisions for liabilities and charges	19	264		746	
			(1,649)		(2,587)
Net assets			18,842		18,347
Capital and reserves					
Called up share capital	20		633		633
Revaluation reserve	21		8,602		8,602
Profit and loss account	21		9,607		9,112
Equity shareholders' funds	22		18,842		18,347

These financial statements were approved by the Board and authorised for issue on 7 April 2008 and were signed on its behalf by

P R Fenton PRFenton)
) **Directors**
A J Harper)

The notes on pages 13 to 42 form part of these financial statements.

CLAUDE FENTON (HOLDINGS) LIMITED

Consolidated cash flow statement
Year ended 30 September 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash inflow from operating activities	30		2,177		1,455
Returns on investments and servicing of finance					
Interest received		62		55	
Interest paid		(236)		(285)	
Interest element of finance lease rental payments		(115)		(93)	
Net cash outflow from returns on investment and servicing of finance			(289)		(323)
Taxation					
UK corporation tax paid		(207)		(167)	
UK corporation tax refunded		-		-	
			(207)		(167)
Capital expenditure					
Purchase of tangible fixed assets		(1,246)		(663)	
Purchase of intangible fixed assets		-		(556)	
Sale of tangible fixed assets		333		244	
Payments against dilapidations		(12)		(86)	
Unwinding of discount		(6)		(6)	
			(931)		(1,067)
Equity dividends paid			(301)		(285)
Net cash inflow/(outflow) before financing			449		(387)
Financing					
Increase in debt		2,500		816	
Capital element of finance lease rental repayments		(1,315)		(947)	
Loan repayments		(1,933)		(245)	
Net cash outflow from financing			(748)		(376)
Decrease in cash			(299)		(763)

Reconciliation of net cash flow to movement in net debt

	Note	2007 £'000	2006 £'000
Decrease in cash in the period		(299)	(763)
Cash outflow from increase in debt financing		748	376
Change in net debt resulting from cash flows		449	(387)
New finance leases		(1,149)	(1,791)
Movement in net debt in the period		(700)	(2,178)
Net debt at 1 October 2006		(6,850)	(4,672)
Net debt at 30 September 2007	31	(7,550)	(6,850)

The notes on pages 13 to 42 form part of these financial statements.

1 Accounting policies

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, scaffolding and other equipment The financial statements are prepared in accordance with applicable accounting standards

Changes in accounting policies

Retentions

For construction contracts, retentions were previously recognised when received, however, during the year the directors have reviewed a subsidiary company's accounting policy in respect of retentions and have adopted a policy of recognising retentions as income in accordance with Statements of Standard Accounting Practice No 9 *Stocks and long term contracts* and Financial Reporting Standard No 5 *Reporting the substance of transactions* after provision for remedial costs This change of accounting policy has given rise to a current and prior year adjustment referred to in Note 23

The principal accounting policies are:

Basis of consolidation

The Group financial statements consolidate the financial statements of Claude Fenton (Holdings) Limited and all its direct and indirect subsidiary undertakings made up to 30 September 2007 Inter-group sales and profits are eliminated on consolidation No profit and loss account is presented for Claude Fenton (Holdings) Limited as permitted by s230(3) of the Companies Act 1985

Goodwill

Depending on the circumstances of each acquisition, goodwill arising on acquisitions prior to 30 April 1998 was either set off directly against reserves or amortised through the profit and loss account over the Directors' estimate of its useful life Goodwill previously eliminated against reserves has not been reinstated on implementation of Financial Reporting Standard No 10 *Goodwill and Intangible Assets*

The Group purchased goodwill as part of the acquisition as a going concern of the waste recycling operations of a business based in Theale in the previous year This goodwill will be written off over the period of use of the related tipping rights on the basis of the amount of void space consumed which is anticipated will be over a maximum period of 5 years The carrying values of intangible fixed assets are reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account will be taken into account in determining the profit and loss on sale or closure

Joint operations

During the previous year, a subsidiary undertaking had a joint operation involving a waste transfer station which was not a separate entity and accordingly the Group recorded its own assets, liabilities and cash flows according to the terms of the agreement governing the arrangement

1 Accounting policies *(continued)*

Joint operations (continued)

The subsidiary undertaking was a joint tenant of the lease of the shared facility During the previous year this operation ceased

Turnover

Turnover represents sales to external customers for work done or services provided during the year less value added tax or local taxes on sales and, in the case of long term contracts, the value of work completed during the year and includes retentions less provision for remedial works.

Tipping royalties

Tipping royalties and set up costs are charged to the profit and loss account over the life of the tipping agreement based upon the amount of void space consumed

Deferred costs

Costs and fees incurred in respect of the Group's tipping arrangements in advance are carried forward and spread over the periods to which the agreements relate

Restoration costs

In accordance with Financial Reporting Standard No 12 *Provisions, Contingent liabilities and Contingent Assets* full provision is made for the net present value (NPV) of the Group's anticipated costs in relation to restoration liabilities at its landfill sites, at the inception of the lease of the site Where appropriate this value is capitalised as a fixed asset The restoration provision is calculated by discounting the anticipated future costs at a rate of 3% to arrive at the net present value The movement in the net present value each year represents the unwinding of the discount provision, which is charged to the profit and loss account

In other cases, where appropriate, including the liability assumed in the year ended 30 September 2006, the restoration provisions include a subsidiary company's estimates for the future costs based on its current obligations at the balance sheet date

Warranties and guarantees

Costs, if any, incurred in respect of warranty and guarantee claims are accounted for in the period in which they arise

Revaluation of land and buildings

Financial Reporting Standard No 15 *Tangible Fixed Assets* requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date To achieve this freehold and long leasehold land and buildings are subject to a full valuation every 3 years

The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves

1 Accounting policies *(continued)*

Tangible fixed assets

All additions to tangible fixed assets are stated at cost. Where existing unimpaired tangible fixed assets are stated at valuation the Company took advantage of the transitional arrangements in FRS 15 to retain these book values Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss reserve

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives, except for scaffolding which is on a reducing balance basis It is calculated at the following rates

Freehold buildings	-	1% - 2% per annum
Leasehold land and buildings	-	over length of lease
Leasehold improvements	-	over three years
Other fixed assets	-	Between 2% and 33%

Scaffolding and related equipment acquired more than ten years before the balance sheet date, and which are fully depreciated, are eliminated from fixed assets The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Investment properties

Investment properties are accounted for in accordance with Statements of Standard Accounting Practice No 19 *Accounting for Investment Properties* The investment properties are revalued annually at their market value by the Directors, such calculations are supported by periodic independent valuations The surplus or deficit onrevaluation is transferred to the revaluation reserve unless a deficit, on an individual property, is expected to be permanent, in which case it is recognised in the profit and loss account for the year

No depreciation is provided on investment properties except for short leaseholds Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified

Valuation of investments

Investments other than investment properties held as fixed assets are stated at cost less any provision for a permanent diminution in value

Investments held as current assets are stated at the lower of cost and market value

1 Accounting policies *(continued)*

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value on a basis consistent with previous years after taking account of slow moving and obsolete stock

Development land has been valued by the Directors at the lower of cost and net realisable value Where a reclassification from fixed assets to stocks has been made the existing carrying value has been adjusted to original cost with the consequent adjustment to the revaluation surplus previously accounted for

Interest charges on loans for specific developments are included in the cost carried forward until sold

Long term contracts

Long term contracts are stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date and after deducting foreseeable losses if applicable and payments on account

Amounts recoverable on contracts are included in debtors, net of payments received and receivable

Payments made in excess of amounts (i) matched with turnover (ii) off-set against long term contract balances are classified as "Payments on Account" and disclosed under "Creditors Amounts Falling due Within One Year" Turnover has been based on valuation certificates issued and work completed including retentions less provision for remedial costs As referred to above, during the year the Directors adopted a revised policy for accounting for retentions

Attributable profit is taken on long term contracts when the profitable outcome of the contract can be assessed with reasonable certainty Profit on other contracts is taken on the later of completion or sale after making provision for all costs of sales Provision is made for any anticipated loss

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1 Accounting policies *(continued)*

Leased and hire purchased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable over the term of the lease The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account

Lease payments are analysed between capital and interest components The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding The capital element reduces the amounts payable to the lessor All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease

Hire purchased assets are treated in the same manner as finance leases

Operating lease income

Income receivable from operating leases is recognised in the profit and loss account on a straight line basis over the period of the lease

Pension costs

Contributions to the Group's defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the Group Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

Retirement Benefits

The company fully adopted Financial Reporting Standard No 17 *Retirement benefits* for the accounting treatment of retirement benefits for the year ended 30 September 2006 The effect of this change in accounting policy is to recognise the pension scheme deficit in the balance sheet The adoption of FRS 17 gave rise to a prior year adjustment as shown in the Statement of Total Recognised Gains and Losses in the comparative figures for the prior year

Dividends

The company adopted Financial Reporting Standard No 21 *Events after the balance sheet date* in the previous financial year Under FRS 21 ordinary dividends proposed after the year-end are no longer recognised as liabilities at the year-end

Financial instruments

Financial assets such as cash and debtors are measured at the present value of the amounts receivable, less an allowance for the expected level of doubtful receivables Financial liabilities such as trade creditors, loans and finance leases and hire purchase are measured at the present value of the obligation An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities

2 Turnover

The turnover is attributable to the following activities after eliminating inter group transactions

	Turnover			
	2007		2006	
	%	£'000	%	£'000
Construction and development	**37.64**	**8,953**	19 63	3,223
Scaffolding	**7.86**	**1,871**	14 81	2,431
Plant and lorry hire, waste management and related transport	**53.09**	**12,632**	56 76	9,320
Sale of land developments	**1.41**	**335**	8 80	1,445
	100.00	**23,791**	100 00	16,419

3 Operating profit

	Group	
	2007	2006
	£'000	£'000
a) This is stated after charging		
Auditors remuneration	**35**	29
Depreciation	**1,457**	1,242
Operating lease rentals		
- Hire of plant and machinery	**487**	376
- Other operating lease payments	**389**	617

Hire of plant and machinery includes the cost of operated plant The auditors also received £37,510 (2006 £42,000) for non-audit services which included fees relating to taxation, accountancy and other financial advisory and investigation services and £10,925 (2006 £Nil) for an IT and systems implementation project

b) This is stated after crediting		
Rental income	**1,302**	1,349
Profit on sale of fixed assets	**141**	108
Aggregate amounts receivable in respect of operating leases and short term hire income	**3,586**	2,983

Exceptional item

During the previous year the Directors reviewed the balances held by a subsidiary undertaking under trade creditors as excess payments on account carried forward under SSAP 9 and transferred £283,537 to turnover The Directors considered the contract was complete and that it was appropriate to recognise that

4 Employees

The average monthly number of employees of the Group during the year, including executive directors, was as follows

	Group	
	2007	2006
	Number	Number
Office and management	**61**	57
Productive	**145**	127
	206	184

Staff costs for all employees, including executive directors, consist of

	Group	
	2007	2006
	£'000	£'000
Wages and salaries	**5,856**	5,088
Social security costs	**622**	518
Pension costs	**297**	254
	6,775	5,860

5 Directors

	Group	
	2007	2006
	£'000	£'000
Emoluments	**368**	349
Emoluments (excluding pension contributions) of		
Highest paid director	**125**	122

Amount of accrued pension at
30 September 2007 - £3,757 per annum (2006 £2,128 per annum)

Amount of accrued lump sum
At 30 September 2007 - £Nil (2006 £Nil)

During the year two (2006 three) directors were accruing benefits under the Group's defined benefit scheme, and no (2006 one) director was accruing benefits under the Group's money purchase pension scheme

6 Interest receivable

	Group 2007 £'000	Group 2006 £'000
Bank interest receivable	**62**	55

7 Interest payable and similar charges

	Group 2007 £'000	Group 2006 £'000
Bank loans and overdrafts	**236**	285
Interest on finance leases and hire purchase loans	**115**	93
	351	378

8 Taxation on profit on ordinary activities

	Group 2007 £'000	Group 2006 £'000
Current tax		
UK Corporation tax	**232**	206
Adjustment in respect of previous year	**(64)**	25
	168	231
Deferred tax		
Origination and reversal of timing differences (note 19)	**(128)**	79
Pension cost relief in excess of pension cost charge	**27**	28
Tax on profit on ordinary activities	**67**	338
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	**1,054**	1,013
Average rate of tax	**30%**	30%
Profit on ordinary activities multiplied by average tax in the UK	**316**	304
Release of diminution in value of investment	**-**	-
Expenses not deductible for corporation tax purposes	**12**	7
Capital allowances in excess of depreciation	**(42)**	(69)
Other short-term timing differences	**(10)**	-
Other adjusting items	**(7)**	(8)
Rate adjustment	**(10)**	-
Pension contribution relief in excess of net pension cost charge	**(27)**	(28)
Adjustments to tax charge in respect of previous periods	**(64)**	25
Current tax charge	**168**	231

8 Taxation on profit on ordinary activities *(continued)*

The corporation tax charge/(release) for the year is after taking account of group relief surrenders which are expected to be available and after taking account of an exceptional release of deferred taxation provision amounting to £226,455 more fully explained in note 19

In the opinion of the Directors, the Company is a close company within the meaning of section 414 of the Income and Corporation Taxes Act 1988

Factors affecting future tax charges

Group
There is a potential liability to deferred taxation amounting to approximately £30,000 (2006 £85,000) on the unrealised surplus on the revaluation of the scaffolding, and a further £12,000 (2006 £13,500) regarding skips, which has not been provided in the financial statements In the opinion of the Directors no provision is required as there is no intention to sell the scaffolding or the skips in the foreseeable future

There is a potential liability to deferred taxation amounting to approximately £1,850,000 (2006 £2,300,000) on the unrealised surplus on revaluation, rolled over and held over gains and capital allowances in connection with the Group's properties which has not been provided for in these financial statements This would crystallise if the properties were sold at valuation and no other taxation reliefs were available

Company
There is a potential liability to deferred taxation amounting to approximately £1,820,000 (2006 £2,270,000) on the unrealised surplus on revaluation, rolled over and held over gains and capital allowances in connection with the Company's properties which has not been provided for in these financial statements which would crystallise if the properties were sold at valuation and no other taxation reliefs were available

9 Dividends paid

	Group	
	2007	2006
	£'000	£'000
Ordinary dividends paid in the year		
2006 Final dividend of 35p per share paid in 2007		
(2005 32 5p per share - paid in 2006)	**222**	206
Interim paid of 12 5p (2006 12 5p) per share	**79**	79
	301	285

The basis of accounting for dividends has changed with the implementation of FRS 21 and these are reflected when paid and not declared A prior year adjustment was accounted for in the financial statements for the year ended 30 September 2006 as explained more fully in note 23

10 Retained profit for the financial year

The profit for the year, included within the financial statements of the Company amounted to £795,630 (2006 £804,267) after an exceptional release of net provisions of £Nil (2006 £161,928) in respect of diminution in value of investments and loans to and foreseeable losses in respect of subsidiary undertakings, and after an exceptional release of deferred taxation amounting to £226,455 (2006 £Nil) The appropriation of profits paid by way of dividends was £300,913 (2006 £285,075)

11. Intangible assets - Group

	Goodwill and licences £'000	Total £'000
Cost		
At 1 October 2006	556	556
Additions	–	–
At 30 September 2007	**556**	**556**
Amortisation		
At 1 October 2006	–	–
Charge for the year	247	247
At 30 September 2007	**247**	**247**
Net book value		
At 30 September 2007	**309**	**309**
At 30 September 2006	556	556

On the 22 September 2006, a subsidiary company purchased goodwill and tipping rights as part of the acquisition as a going concern of the waste recycling operations of a business based in Theale This goodwill will be written off over the period of use of the related tipping rights on the basis of the amount of void space consumed which is anticipated will be over a maximum period of 5 years

12 Tangible assets - Group

	Assets under construction £'000	Leasehold improvements £'000	Freehold land and buildings £'000	Investment properties £'000	Other assets £'000	Total £'000
Cost or valuation						
At 1 October 2006	926	166	8,557	10,007	10,664	30,320
Transfer	124	(118)	-	-	118	124
Additions less reductions	457	45	-	-	1,893	2,395
Disposals	-	-	-	-	(1,339)	(1,339)
Reallocation	(629)	-	(950)	1,579	-	-
Revaluation adjustment	-	-	-	-	(741)	(741)
At 30 September 2007	**878**	**93**	**7,607**	**11,586**	**10,595**	**30,759**
Depreciation						
At 1 October 2006	-	41	-	-	5,461	5,502
Transfer	-	(29)	-	-	29	-
Provided during the year	-	23	71	-	1,363	1,457
Disposals	-	-	-	-	(1,146)	(1,146)
Revaluation adjustment	-	-	-	-	(675)	(675)
At 30 September 2007	-	**35**	**71**	-	**5,032**	**5,138**
Net book value						
At 30 September 2007	**878**	**58**	**7,536**	**11,586**	**5,563**	**25,621**
At 30 September 2006	926	125	8,557	10,007	5,203	24,818

Other assets include plant and machinery, equipment, computer equipment, fixtures and fittings and vehicles An amount of £330,000 (2006 £397,500) has been included in other assets – cost and £229,188 (2006 £258,588) accumulated depreciation representing the net present value of anticipated restoration costs of landfill sites operated by a subsidiary company

Assets under construction represent freehold land acquired and freehold buildings together with plant and machinery in the course of construction, held for the Group's own use, development and investment purposes Costs include capitalised finance costs of £3,875 (2006 £3,875)

12 Tangible assets *(continued)* - Company

	Assets under construction £'000	Freehold land and buildings £'000	Investment properties £'000	Other assets £'000	Total £'000
Cost or valuation					
At 1 October 2006	926	8,407	9,056	462	18,851
Transfer	124	-	-	-	124
Additions less reductions	388	-	-	7	395
Disposals	-	-	-	(284)	(284)
Reallocation	(629)	(950)	1,579	-	-
Revaluation adjustment	-	-	-	-	-
At 30 September 2007	**809**	**7,457**	**10,635**	**185**	**19,086**
Depreciation					
At 1 October 2006	-	-	-	445	445
Provided during the year	-	71	-	8	79
Disposals	-	-	-	(284)	(284)
Revaluation adjustment	-	-	-	-	-
At 30 September 2007	**-**	**71**	**-**	**169**	**240**
Net book value					
At 30 September 2007	**809**	**7,386**	**10,635**	**16**	**18,846**
At 30 September 2006	926	8,407	9,056	17	18,406

Other assets include equipment, computer equipment, fixtures and fittings

Assets under construction represent freehold land acquired and freehold buildings in the course of construction, held for the Group's own use, development and investment purposes Costs include capitalised finance costs of £3,875 (2006 £3,875)

12 Tangible assets *(continued)*

Included in other assets above are the following amounts relating to assets acquired under finance leases and hire purchase contracts where the term of those contracts has not yet come to an end

	Group £'000	Company £'000
Net book value		
As at 30 September 2007	**2,909**	-
Net book value		
As at 30 September 2006	2,765	-
Depreciation		
Provided during the year	**512**	-

Included in fixed assets are the following amounts held in respect of operating lease and short term hire income

	Group £'000	Company £'000
Cost or valuation		
As at 30 September 2007	**18,807**	**10,635**
Accumulated depreciation		
As at 30 September 2007	**3,964**	-

In addition to the above significant parts of the Group's land and freehold properties, which are currently in excess of the Group's requirement, are let on short operating leases The Directors do not consider it practical to apportion the freehold properties into investment properties where the element occupied on this basis is inseparable from the whole and it is not practical to sell separately The Directors have apportioned the freehold properties based on professional valuations where they consider it practical to do so

During the year the Directors reallocated, at valuation, various freehold land and buildings to investment properties The directors also completed a property under construction and have transferred it to investment properties at cost Subsequent to the year end further freehold properties have been let or licensed to third parties on short term bases

Investment properties comprise

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Freehold property	**11,586**	10,007	**10,635**	9,056

12 Tangible assets *(continued)*

For the freehold land and buildings and investment properties included at valuation

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Historical cost				
As at 30 September 2007	**11,392**	10,763	**10,686**	10,057

	Group & Company
Depreciation based on cost	**£'000**
As at 1 October 2006	1,263
Charge for the year less disposal	58
As at 30 September 2007	**1,321**

It is not practical to provide an accurate analysis between buildings and land for both valuation and historical cost A depreciation charge has been chosen to reflect a materially accurate position All freehold and leasehold land and buildings occupied by the Group were revalued in accordance with the rules laid down by the Royal Institution of Chartered Surveyors on an existing use value basis at 30 September 2006 by Dunster and Morton, Chartered Surveyors, Reading Investment and surplus to current requirements properties are stated at market value based on a valuation carried out at the same time, by Dunster and Morton, under the same rules If the land and buildings were sold at their valuation, a taxation liability would arise as referred to in Note 8 on the financial statements

The scaffolding has been revalued by the Directors of a subsidiary company as at 30 September 2007 on the basis of the second hand market value of those assets still in use The previous revaluation was in 1998 Fully depreciated assets no longer in use have been eliminated The Directors of the subsidiary company have further reviewed the depreciation policy and concluded that the existing rate of 10% per annum should continue for the majority of assets included in scaffolding, but for certain types of scaffolding equipment an increased rate on a straight line basis is more appropriate Although this change of rate will give rise to a difference in calculation for comparative purposes, the Directors do not consider it to be sufficiently material to note The historic cost in total that has been revalued at 30 September 2007 was £1,477,701 (2006 £454,284) and the accumulated historic cost depreciation was £703,497 (2006 £364,523)

Other assets of the Group include fully depreciated skips which were revalued by the Directors of a subsidiary undertaking as at 30 September 2005 on the basis of second hand replacement value In addition the Directors reviewed the depreciation rate applied to those assets and concluded that the rate should be 10% reducing balance with effect from 1 October 2005 to reflect more accurately the expected life of those assets The historic cost of the skips that remained in the balance sheet and had not been previously written off at 30 September 2006 was £330,187 (2006 £330,187) and the accumulated historic cost depreciation was £330,187 (2006 £330,187)

13 Fixed asset investments

	Note	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Shares in subsidiary undertakings	14	-	-	**1,499**	1,499
Loans to subsidiary undertakings		-	-	**430**	795
		-	-	**1,929**	2,294

The Directors have reviewed the amounts attributed in the balance sheet of the Company to shares in and loans to subsidiary undertakings The review has taken into account any deficiency in shareholders funds or where there was a shortfall in the net assets compared to the cost of the investment at 30 September 2007 and where the support of the Group is required to enable the subsidiary undertaking to continue as a going concern.

Based on this review, provisions amounting to £1,355,834 (2006 £1,355,834) against loans to six (2006 six) subsidiary undertakings and £1,192,960 (2006 £1,192,960) against the cost of shares in six (2006 six) subsidiary undertakings have been made In connection with three of the subsidiary undertakings the parent company has guaranteed various bank and supplier liabilities, these are referred to in Note 25, contingent liabilities, the most significant of these were the bank overdrafts and loans which at 30 September 2007 amounted to £4,733,250 (2006 £2,045,131)

14 Subsidiary undertakings

	Company 2007 £'000	Company 2006 £'000
Cost of shares at 1 October 2006	**2,718**	2,589
Additions during the year	-	129
Pre-acquisition profit paid as dividend	**(26)**	(26)
Provision for diminution	**(1,193)**	(1,193)
Net book value of shares at 30 September 2007	**1,499**	1,499

During the previous year the Company acquired further shares in its subsidiary undertaking, Alan Hadley Limited, for £128,688

14. Subsidiary undertakings *(continued)*

The Company owns all of the ordinary shares, (representing 100% of the voting rights) and in addition in the case of Hill Industrial Limited all the preference shares, of these subsidiary undertakings

Arrowhead Hire Limited	-	Dormant
Alan Hadley Limited	-	Waste management and recycling
Claude Fenton Limited	-	Property Development and Investments
Claude Fenton (Construction) Limited	-	Construction
Claude Fenton (Plant Hire) Limited	-	Plant Hire
Claude Fenton (Plant) Limited	-	Dormant
Claw Scaffold Limited	-	Scaffolding
Fenton Hadley Contracts Limited	-	Dormant
Hill Industrial Limited	-	Dormant
Claude Fenton (BM) Limited	-	Dormant
Claude Fenton Manufacturing Limited	-	Dormant
Sheerhire Limited (Investment held by Claude Fenton (Plant) Limited)	-	Dormant

At 30 September 2007 unrealised inter-group profit on trading of £52,000 (2006 £52,000) was eliminated upon consolidation.

15 Stocks

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**46**	102	**-**	-
Finished goods	**61**	125	**-**	-
Land and developments in progress	**3,803**	1,773	**418**	811
	3,910	2,000	**418**	811

Interest costs accrued amounting £87,180 (2006 £22,177) have been included in stock as part of land and developments in progress

16 Debtors

	Group		Company	
	2007	2006 As restated	**2007**	2006
	£'000	£'000	**£'000**	£'000
Trade debtors	**3,662**	6,099	**483**	1,700
Amounts due from subsidiary undertakings	**-**	-	**529**	220
Other debtors	**268**	166	**15**	68
Prepayments and accrued income	**226**	244	**16**	28
Amounts recoverable on contracts	**573**	224	**-**	-
	4,729	6,733	**1,043**	2,016

Amounts recoverable on contracts represent ascertained cumulative turnover transferred to the profit and loss account in current and prior years of £12,267,927 (2006 £3,655,124) less payments on account of £11,695,242 (2006 £3,431,445)

Included in other debtors is a deposit of £50,000 (2006 £50,000) in respect of certain of the Group's tipping arrangements that is not repayable until after more than one year

17 Creditors: amounts falling due within one year

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Bank loan	**1,524**	1,499	**504**	1,461
Bank overdrafts	**683**	381	**417**	-
Obligations under finance leases and hire purchase contracts	**1,038**	985	**-**	-
Amounts due to subsidiary undertakings	**-**	-	**22**	272
Payments on account	**308**	1,305	**-**	-
Trade creditors	**2,351**	1,812	**57**	114
Other creditors	**143**	163	**101**	135
Tax and social security creditor	**570**	528	**32**	35
Corporation tax	**109**	149	**1**	131
Accruals and deferred income	**1,222**	1,111	**611**	526
	7,948	7,933	**1,745**	2,674

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group and the Company, specific charges on book debts, and a composite unlimited guarantee by subsidiary undertakings, and various rights of set off

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Bank loans	**3,455**	2,913	**990**	1,710
Amount due to subsidiary undertakings	**-**	-	**395**	131
Obligations under finance leases and hire purchase contracts	**853**	1,072	**-**	-
	4,308	3,985	**1,385**	1,841

Maturity of total debt:

	Loans and overdrafts		Finance leases and hire purchases		Amounts due to subsidiary undertakings		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Group								
In one year or less	**2,207**	1,880	**1,038**	985	**-**	-	**3,245**	2,865
In more than one year but not more than two years	**2,380**	269	**676**	932	**-**	-	**3,056**	1,201
In more than two years but not more than five years	**790**	886	**177**	140	**-**	-	**967**	1,026
In more than five years	**285**	1,758	**-**	-	**-**	-	**285**	1,758
	5,662	4,793	**1,891**	2,057	**-**	-	**7,553**	6,850
Company								
In one year or less	**921**	1,461	**-**	-	**22**	272	**943**	1,733
In more than one year but not more than two years	**265**	250	**-**	-	**-**	-	**265**	250
In more than two years but not more than five years	**725**	846	**-**	-	**-**	-	**725**	846
In more than five years	**-**	614	**-**	-	**395**	131	**395**	745
	1,911	3,171	**-**	-	**417**	403	**2,328**	3,574

18 Creditors: amounts fallıng due after more than one year *(continued)*

Oblıgatıons under finance leases and hıre purchase contracts are due as follows

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Amounts payable				
In one year or less	**1,125**	1,078	-	-
Between one to two years	**709**	980	-	-
Between two to five years	**182**	142	-	-
	2,016	2,200	-	-
Less Fınance charges allocated to future penods	**(125)**	(143)	-	-
	1,891	2,057	-	-
Amounts payable				
In one year or less	**1,038**	985	-	-
Between two and five years	**853**	1,072	-	-
	1,891	2,057	-	-

Oblıgatıons under finance lease and hıre purchase contracts are secured upon the assets concerned The finance companıes have the nght of repossessıon upon default

19 Provisions for liabilities and charges

Group	Provision for foreseeable losses on leases £'000	Other provisions £'000	Deferred taxation £'000	Total £'000
As at 1 October 2006	57	1,586	696	2,339
Net release in the year	(12)	(244)	(128)	(384)
Final release	(45)	-	-	(45)
As at 30 September 2007	**-**	**1,342**	**568**	**1,910**

The other provisions include an estimate by the Directors, based on void space consumed and other factors, for re-instatement of land after tipping amounting to £1,077,495 (2006 £1,123,609) which includes £728,000 (2006 £763,000) in connection with the acquisition of a business made during the previous year, the performance of which has been guaranteed by the Company Also included in other provisions is £264,000 (2006 £462,000) in respect of a constructive obligation relating to sewage and drainage works on part of the Group's and Company's freehold land and £Nil (2006 £40,000) relating to the other expected costs of a penalty awarded against a subsidiary undertaking that has been released as it was paid during the year Additional provisions have been made in respect of tipping obligations and provisions no longer required have been released

There are potential liabilities to deferred taxation referred to in Note 8

Company	Provision for foreseeable losses on leases £'000	Other provisions (see above) £'000	Deferred taxation £'000	Total £'000
As at 1 October 2006	57	462	227	746
Net release in the year	(12)	(198)	(227)	(437)
Final release	(45)	-	-	(45)
As at 30 September 2007	-	**264**	-	**264**

Deferred taxation is calculated at 30% (2006 30%), analysed as follows

	Group		Company	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Capital allowances in excess of depreciation	**568**	696	**-**	227
Short term timing differences	-	-	-	-
	568	696	**-**	227

19 Provisions for liabilities and charges *(continued)*

Following a change in taxation legislation there is no longer a potential liability to the clawback or balancing charges in respect of industrial buildings allowances Accordingly the Directors have taken the opportunity to consider the provisions previously carried forward for deferred taxation arising from timing differences The Directors have concluded that such provisions are no longer required and have released £226,455 during the year There is a potential liability to deferred taxation referred to in Note 8

Deferred tax asset relating to pension deficit	**2007**	2006
	£'000	£'000
Group		
As at 1 October 2006	**255**	302
Deferred tax charge in profit and loss account (note 8)	**(27)**	(28)
Deferred tax charged to the statement of total recognised gains and losses	**(156)**	(19)
As at 30 September 2007	**72**	255

The deferred tax asset of £72,000 (2006 £255,000) has been deducted in arriving at the net pension deficit on the balance sheet

20 Share capital

	2007	2006
	£'000	£'000
Authorised		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
633,500 (2006 633,500) ordinary shares of £1 each	**633**	633

21 Reserves

	Pension Fund deficit	**Revaluation reserve**	**Profit and loss account**
	£'000	**£'000**	**£'000**
Group			
At 1 October 2006	(595)	9,237	9,950
Prior year adjustments	-	-	30
At 1 October 2006 as restated	(595)	9,237	9,980
Differences between actual and historic cost depreciation	-	(119)	119
Profit for the year	-	-	987
Dividends	-	-	(301)
Revaluation in the year	-	(65)	-
Actuarial gain	-	-	519
Movement on deferred tax relating to pension scheme	-	-	(156)
Reduction in pension deficit	428	-	(428)
At 30 September 2007	**(167)**	**9,053**	**10,720**

21 Reserves *(continued)*

Of the total revaluation reserve, a surplus of £4,097,067 (2006 £3,991,042) relates to investment properties The amount of cumulative goodwill written off to reserves in respect of acquisitions prior to 23 December 1989 has not been disclosed as exemption has been taken under SI 1990/355 on the basis that the information cannot be obtained without undue expense Note 8 in the notes to the financial statements refers to unprovided deferred taxation in respect of the revaluation surplus

Company	**Revaluation reserve £'000**	**Profit and loss account £'000**
At 1 October 2006	8,602	9,112
Profit for the year	-	796
Dividends paid (see note 9)	-	(301)
Revaluation in the year	-	-
At 30 September 2007	**8,602**	**9,607**

The amount of unprovided deferred taxation relating to revaluation surpluses is shown in Note 8

The revaluation reserve of the Company includes a surplus of £3,860,120 (2006 £3,754,095) relating to the freehold investment properties

22 Reconciliation of movements in shareholders' funds

	Group		**Company**	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Profit for the year	**987**	675	**796**	804
Dividends	**(301)**	(285)	**(301)**	(285)
Revaluation (deficit) / surplus	**(65)**	2,415	-	2,321
Actuarial gain	**519**	63	-	-
Movement on deferred tax relating to pension scheme	**(156)**	(19)	-	-
Net addition/(depletion) to shareholders' funds	**984**	2,849	**495**	2,840
Opening shareholders' funds as previously reported	**19,225**	16,874	**18,347**	15,301
Prior year adjustment re pension deficit (see note 23)	-	(704)	-	-
Prior year adjustment re dividends (see note 23)	-	206	-	206
Prior year adjustment re retentions (see note 23)	**30**	-	-	-
At 1 October 2006 as restated	**19,255**	16,376	**18,347**	15,507
Closing shareholders' funds	**20,239**	19,225	**18,842**	18,347

23 Prior year adjustments

Previous year

Pension scheme deficit

Due to the introduction of FRS 17 the full deficit on the Group's defined benefit scheme has been brought into the balance sheet and certain income and expenditure has been included in the profit and loss account and statement of recognised gains and losses When introduced for the year ended 30 September 2006 there was a requirement to make a prior year adjustment of £(704,000) to the opening shareholders' funds at 1 October 2005, full details of which were explained in the financial statements for that year

Dividends

Due to the introduction of FRS 21 in the previous year dividends are only provided for when paid or declared and ratified by the shareholders Historically both an interim dividend, which was paid during the year, and a final proposed dividend, proposed by the directors based on the profits for the year and ratified at the Annual General Meeting, were shown as distributions of profit in the year in question Dividends are no longer shown as a distribution on the face of the profit and loss account but as a reserve movement

In view of the change in accounting treatment imposed by FRS 21, only the dividends paid during the year can be reflected as a distribution for the Group and Company As a result the dividends shown in each year will be the final proposed dividend from the prior year, which is paid in the year under review, and the interim dividend for the year in question

When introduced for the year ended 30 September 2006, there was a requirement to make a prior year adjustment of £206,000 to the opening shareholders' funds at 1 October 2005 Full details of which were explained in the financial statements for that year

Current year

Following the change of policy by the Directors of a subsidiary company in accounting for retentions as referred to in note 1, there is a requirement to make a prior year adjustment to increase profit before tax in 2006 by £29,597 and increase the opening shareholders' funds at 1 October 2006 by this amount The effect of the change in policy in the current year is to increase profits before tax by £187,390

The Directors of the subsidiary have also considered the allocation of wages and salaries between cost of sales and administrative costs and re-categorised various employees Comparative figures have been restated but this does not give rise to a prior year adjustment and has no effect on the reported profits for either the current or prior year

Summary

The overall effect in the previous year was to reduce reserves carried forward at 1 October 2005 by the pensions deficit of £704,000 less the reserves add back of £206,000 being £498,000 which was shown in the statement of total recognised gains and losses The subsequent adjustment in the current year had the effect of increasing the reserves at 1 October 2006 by £29,597 and the current year's profits before tax by £187,390 Both of which are reflected through the profit and loss account

24 Bank loans

On 16 November 2001 the company took out a bank loan This had a balance remaining of £1,239,943 (2006 £1,471,419) as at 30 September 2007 On 25 February 2004 the company negotiated a further bank loan This had a balance remaining of £253,978 (2006 £1,699,055) as at 30 September 2007 On 13 July 2005 a further loan for a period of 5 years was taken out to purchase S J Gillham Scaffolding which has subsequently been renogotiated At 30 September 2007 the balance remaining was £388,458 (2006 £425,399)

24 Bank loans *(continued)*

The loan taken out in 2001 is for a period through to 2016 The loan taken out in 2004 is anticipated as being capable of repayment over a period exceeding five years and the loan taken out in 2005 is repayable over a period of 15 years

On 26 January 2006 a bank loan for £390,000 was taken out to fund the development of Withy Close in Tilehurst and as at 30 September 2007 this loan had been repaid in full (2006 a total of £220,000 had been drawn down)

On 23 February 2006 a bank loan for £1,422,000 was taken out to fund the development of Cockney Hill in Tilehurst and as at 30 September 2007 a total of £1,001,500 (2006 £596,500) had been drawn down

On 31 October 2006, a bank loan for £760,000 was taken out to fund the development of Swanston Field in Whitchurch and as at 30 September 2007 a total of £500,508 had been drawn down

On 18 June 2007, a bank loan for £500,000 was taken out to fund the development at Midgham in Newbury and as at 30 September 2007 a total of £241,282 had been drawn down

On 18 June 2007, a bank loan for £800,000 was taken out to fund the development of Reading Road in Henley and as at 30 September 2007 a total of £751,917 had been drawn down

On 18 June 2007, a bank loan for £1,200,000 was taken out to fund the development at Slanting Hill, Newbury, and as at 30 September 2007 a total of £601,536 had been drawn down

These loans are repayable on the sale of the developments

All of the loans bear interest at 1 25% over the bank's base rate

	Group		Company	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Analysis of bank loan repayments				
Due within one year	**1,524**	1,499	**504**	1,461
Between one and two years	**2,380**	269	**265**	250
Between two and five years	**790**	886	**725**	846
In more than five years	**285**	1,758	**-**	614
	4,979	4,412	**1,494**	3,171

The bank loans are secured by fixed and floating charges over the Company's and the Group's assets (Note 24) and are payable over a fixed term and are only repayable on demand on a breach of normal banking covenants

25. Contingent liabilities

As at 30 September 2007, there exist contingent liabilities and guarantees of the Group in respect of the following

(a) Bonds given to various authorities in respect of construction work, as is the usual practice in this industry, amounting to £316,061 (2006 £216,516)

(b) The Directors are of the opinion that adequate provision has been made within these financial statements to meet the Group's obligations for the eventual cost of restoration to re-instate land after tipping

(c) The Group has a one year contractual commitment to supply restoration material in respect of a tip at a commercial market rate

(d) An option given to the licensors of a tip to require the Group to purchase the site after tipping for an amount of £40,000 (2006 £40,000)

As at 30 September 2007, there exist contingent liabilities and guarantees of the Company in respect of the following

(a) A composite unlimited guarantee and right of set off on all Group bank overdrafts and loans which amounted to £6,644,196 (2006 £5,215,606) The guaranteed bank overdrafts and loans of other Group companies amounted to £4,733,250 (2006 £2,045,131)

(b) A guarantee for value added tax due by all subsidiary undertakings under the Group election amounting to £331,790 (2006 £401,124)

(c) Guarantees in respect of hire purchase and finance lease agreements for subsidiary undertakings The outstanding balances due under such agreements amount to £1,890,623 (2006 £2,056,414) at the balance sheet date

(d) Guarantees for amounts owed by its subsidiary undertakings to suppliers of up to £200,000 (2006 £200,000) The Company also has guarantees in respect of certain of its subsidiary undertakings to third parties

(e) A guarantee given to the vendor of the waste recycling operations acquired by Alan Hadley Limited with regard to covenants and obligations relating to restoration works amounting to £728,000 (2006 £763,000)

(f) A guarantee for due performance in respect of a contract carried out by a subsidiary undertaking amounting to £1,500,000.

(g) The Company held two amounts of £100,000 each on behalf of subsidiary undertakings under deeds as deposits in respect of securing the Company's guarantee of certain of the subsidiary undertaking's liabilities.

Subsequent to the balance sheet date, the Company has guaranteed due performance in respect of contracts carried out by a subsidiary undertaking amounting to £1,000,000

26 Secured liabilities

National Westminster Bank Plc holds a number of debentures secured by various fixed and floating charges over the assets of the Group and Company, specific charges on freehold and leasehold land and buildings and fixed charges on book debts of the Group and the Company, and various rights of set-off

27 Pensions

The Company is a member of Claude Fenton (Holdings) Limited Group Pension Scheme

The scheme is a defined benefit scheme in the UK and contributions are based on pension costs across the Group as a whole The scheme provides benefits on final pensionable pay and the scheme's assets are held independently in trustee administered funds

It is not practical for individual companies within the group scheme to identify separately their share of the individual assets and liabilities In accordance with FRS17 Retirement Benefits, the Company has treated its own contribution as if it were a defined contribution scheme

For the Group scheme contributions are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the Company and the Group

The Contributions to the scheme are determined by a qualified independent actuary on the basis of triennial valuations, using the Projected Unit method A full actuarial valuation was carried out as at 5 April 2006, the actuary has provided to the Group the necessary FRS17 disclosures to 30 September 2007

Contributions are currently payable to the Fund at the following rates

	% of pensionable salaries	
	Members	**Company**
Category 1	5 4	18 3
Category 2	6 5	9 7

The Group also meets the scheme's expenses and insurance premiums.

Up to 5 April 2006 the company paid contributions of 1 8% of pensionable salaries in relation to Category 3 members The Category 1 scheme is a closed scheme

Commencing on 1 April 2006, the Group introduced a stakeholder pension scheme for new and some existing employees

From January 2003, on advice taken from the actuary the Group increased its current funding levels by £75,000 per year until the contribution levels were adjusted by the actuary to reduce over time the current deficit On 8 March 2007, an agreement was reached between the Trustees and the Group to reduce the deficit, calculated by the actuary, over a five year period by additional lump sums of £53,000 per annum

The major assumptions used by the actuary were

	At 30 September 2007	At 30 September 2006
Rate of increase in salaries	**4.80%**	4 50%
Rate of increase of pensions in payment		
- RPI (max 5 00%, min 3 00%)	**3.60%**	3 40%
- RPI (max 2 50%)	**2.30%**	2 10%
Discount rate	**6.00%**	5 10%
Inflation assumption	**3.30%**	3 00%

27 Pensions *(continued)*

The assets ın the scheme and the expected rate of return were

	Long-term rate of expected return at 30 September 2007	**Value at 30 September 2007 £'000**	Long-term rate of expected return at 30 September 2006	Value at 30 September 2006 £'000
Equitıes	**8.50%**	**2,209**	7 60%	2,040
Bonds	**5.50%**	**406**	4 90%	310
Property	**8.50%**	**1,150**	7 60%	1,134
Cash	**5.75%**	**828**	4 75%	824
Total market value of assets		**4,593**		4,308
Present value of scheme lıabılıtıes		**(4,832)**		(5,158)
Net pensıon lıabılıty		**(239)**		(850)
Related deferred tax asset		**72**		255
Net pensıon deficıt		**(167)**		(595)

As explaıned ın note 23, prior year adjustments, thıs deficıt was brought ınto the financıal statements for the first tıme ın previous years' financıal statements followıng the ımplementatıon of FRS 17

An analysıs of the movements ın the deficıt on the basıs of the valuatıon method requıred for dısclosure ın the financıal statements ıs provided below The Directors note that for the purposes of the triennial actuarial valuatıons and usıng an Attaıned Age Method of valuatıon (equıvalent to the Projected Unıt Method for thıs purpose) and past service posıtıon, by the actuary, the deficıt of the fund was £215,000 at 5 April 2006 Based on the statutory Technical Provısıons at that date the value of the assets of the Scheme are expected to be 96% of the lıabılıtıes of the Scheme usıng that valuatıon

The basıs of actuarial valuatıon requıred by FRS 17 ıs only one method of several that can be used for the purposes of calculatıng any deficıt or surplus ın respect of pensıon scheme lıabılıtıes The basıs adopted by the Group's pensıon scheme actuary for the purposes of the triennial review results ın a sımılar expected deficıt compared to those ıncluded ın these financıal statements

Analysis of the amount charged to operating profit	**2007 £'000**	2006 £'000
Current service cost	**118**	107
Past service cost	**-**	-
Curtaılment	**-**	(31)
Total operatıng charge	**118**	76

27 Pensions *(continued)*

Analysis of the amount credited to other finance costs	**2007 £'000**	2006 £'000
Expected return on pension scheme assets	**294**	268
Interest on pension scheme liabilities	**(266)**	(282)
Net return / (cost)	**28**	(14)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	**2007 £'000**	2006 £'000
Actual return less expected return on pension scheme assets	**34**	226
Experience gains and losses arising on scheme liabilities	**3**	311
Changes in assumptions underlying the present value of the scheme liabilities	**482**	(474)
Actuarial gain recognised in the STRGL	**519**	63

Movements in deficit during the year	**2007 £'000**	2006 £'000
Deficit in scheme at beginning of year (net of attributable deferred tax asset of £255,000) (2006 - £302,000))	**(595)**	(704)
Movement in year		
Current service cost	**(118)**	(107)
Employer contributions	**182**	183
Past service costs	**-**	-
Curtailment	**-**	31
Other finance income / (costs)	**28**	(14)
Actuarial gain	**519**	63
Pension cost relief in excess of pension cost charge	**(27)**	(28)
Deferred tax charged to the STRGL	**(156)**	(19)
Deficit in scheme at end of year	**(167)**	(595)

History of experience gains and losses	**2007 £'000**	2006 £'000
Difference between the expected and actual return on scheme assets	**34**	226
Percentage of scheme assets	**1%**	5%
Experience gains and losses on scheme liabilities	**3**	311
Percentage of the present value of the scheme liabilities	**0%**	6%
Total amount recognised in statement of total recognised gains and losses	**519**	63
Percentage of the present value of the scheme liabilities	**11%**	1%

27 Pensions *(continued)*

The Company also operates a defined contribution scheme in respect of certain of its employees Contributions are charged in the financial statements as incurred

The pension charge for the Group, which includes separately insured death-in-service and incapacity benefits and expenses, for the year was £297,058 (2006 £254,301) (before the adjustments for contributions of £182,000 (2006 £183,000) referred to above) in respect of the defined benefit scheme and £Nil (2006 £Nil) in respect of the defined contribution scheme

The pension charge for the Company which includes separately insured death-in-service and incapacity benefits and expenses, was £111,181 (2006 £109,959) in respect of the Group scheme and £Nil (2006 £Nil) in respect of the other defined contribution scheme As at 30 September 2007 there were no outstanding or prepaid contributions in respect of the defined benefit scheme or the defined contribution scheme

28 Commitments under operating leases

As at 30 September 2007, the Group had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	**6**	**14**	-	42
In two to five years	**80**	**230**	68	179
After five years	**-**	**-**	-	-
	86	**244**	68	221

29 Related party transactions

There are no related party transactions which require to be disclosed under Financial Reporting Standard No 8 *Related party disclosures*

30 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £'000	2006 restated £'000
Operating profit	**1,277**	1,386
Depreciation	**1,457**	1,242
Amortisation on intangibles	**247**	-
(Decrease)/increase in tipping and other provisions	**(244)**	1,248
Profit on sale of tangible fixed assets	**(141)**	(108)
Increase in stocks	**(2,034)**	(450)
Decrease/(increase) in debtors	**2,004**	(2,837)
(Decrease)/increase in creditors	**(325)**	1,081
Operating profit attributable to pension adjustments	**(64)**	(107)
Net cash inflow from operating activities	**2,177**	1,455

31 Analysis of changes in net debt

	At 1 October 2006 £'000	Cash flows £'000	Non-cash flows £'000	At 30 September 2007 £'000
Cash at bank and in hand	-	3	-	**3**
	-	3	-	**3**
Debt due within one year	(1,880)	(327)	-	**(2,207)**
Debt due after more than one year	(2,913)	(542)	-	**(3,455)**
Finance leases and hire purchase	(2,057)	1,315	(1,149)	**(1,891)**
	(6,850)	446	(1,149)	**(7,553)**
Total	(6,850)	449	(1,149)	**(7,550)**

Major non-cash transactions

During the year the Group entered into finance leases and hire purchase contracts with a total capital value of £1,149,000 (2006 £1,791,000)

32 Post balance sheet events

The Group continues to be in discussion regarding the acquisition of landfill rights as part of its normal activities These rights may in some cases include an obligation to restore the site at the end of its useful life A subsidiary Company has commissioned a major recycling plant at one of the landfill sites it operates to extract aggregates and sands from inert waste, producing saleable recyclates and reducing the amounts of waste going into landfill In this connection it took out a bank loan of £300,000

On 28 January 2008 a subsidiary Company acquired as a going concern the goodwill and assets of a Reading based skip waste recycling business for £550,000 Subsequent to the year end the Group sold two of its investment properties for £290,000 The Group also acquired a further development site for £695,000 and took out a further bank loan for £750,000 The Company continues to seek for acquisition and development freehold land for significant sums