

CHURNGOLD REMEDIATION LIMITED

Report and Accounts

31 May 2001

 ERNST & YOUNG



# Churngold Remediation Limited

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Registered Number 02761171

## **DIRECTORS**

J R Ancell  
A J G Chater  
J R Henderson  
C A Sillars

## **SECRETARIES**

P J Mitchell  
A J G Chater

## **AUDITORS**


Ernst & Young LLP  
One Bridewell Street  
Bristol  
BS1 2AA

## **BANKERS**

Lloyds TSB Bank plc  
61 Gloucester Road  
Bristol  
BS34 5JH

## **REGISTERED OFFICE**

St Andrews House  
St Andrews Road  
Avonmouth  
Bristol  
BS11 9DQ

 ERNST & YOUNG

# Churngold Remediation Limited

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 May 2001.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,000 (2000 - £485,000). The directors recommend the payment of a dividend of £150,000 (2000 - £225,000).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company continued to be the remediation of contaminated sites throughout England and Wales. During the year the volume of work was not sustained at the levels achieved in the previous year when a number of projects at the Temple Quay development in Bristol were successfully completed.

### FUTURE DEVELOPMENTS

The company's land remediation activities are seen as offering considerable potential for development and activity levels look promising.

### DIRECTORS AND THEIR INTERESTS

The directors at 31 May 2001 were as shown on page 1. P A Cooke resigned as a director on 11 July 2000 and J N Reed resigned as a director on 30 September 2001. C A Sillars was appointed as Managing Director on 23 October 2000. None of the directors had an interest in the share capital of the company during the year or at the year end. The interests of the directors in the ultimate parent undertaking, Churngold Holdings Limited, are shown in that company's accounts.

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

### AUDITORS

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

Secretary  
Date

*Alan Chart*  
27 November 2001

**REPORT OF THE AUDITORS**  
**to the shareholder of Churngold Remediation Limited**

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 May 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor  
Bristol

Date 28-11-01

# Churngold Remediation Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2001

	<i>Notes</i>	<i>2001 £000</i>	<i>2000 £000</i>
<b>TURNOVER</b>	2	1,851	2,377
Cost of sales		(1,398)	(1,429)
<b>GROSS PROFIT</b>		453	948
Administrative expenses		(407)	(252)
<b>OPERATING PROFIT</b>	3	46	696
Interest payable and similar charges	6	(38)	(2)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		8	694
Tax on profit on ordinary activities	7	(2)	(209)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		6	485
Dividends	8	(150)	(225)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>			
<b>TRANSFERRED TO RESERVES</b>	13	(144)	260

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 May 2001

There were no recognised gains or losses attributable to the shareholder of the company other than as stated above.

# Churngold Remediation Limited

## BALANCE SHEET

at 31 May 2001

	Notes	2001 £000	2000 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	14	15
<b>CURRENT ASSETS</b>			
Debtors	10	1,542	1,326
<b>CREDITORS: amounts falling due within one year</b>	11	1,274	915
<b>NET CURRENT ASSETS</b>		268	411
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		282	426
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	16	16
Profit and loss account	13	266	410
<b>EQUITY SHAREHOLDER'S FUNDS</b>		282	426

 - Director  
 Date 27 November 2001

# Churngold Remediation Limited

## NOTES TO THE ACCOUNTS

at 31 May 2001

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Plant and machinery	over 3 to 7 years
Motor vehicles	over 4 to 7 years

#### *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 work done, and, when a profitable outcome to the contract can be assessed with reasonable certainty includes attributable profit. Attributable profit is calculated on a prudent basis 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 in a contract immediately they can be foreseen. Work in progress is included within amounts recoverable on long term contracts.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

#### *Pensions*

The company contributes to the personal pensions of certain employees. Contributions are charged in the profit and loss account as incurred. The cost of these contributions in the year is disclosed in note 4.

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced.

### 3. OPERATING PROFIT

This is stated after charging:

	2001	2000
	£000	£000
Auditors' remuneration	4	4
Depreciation of owned fixed assets	9	1
	<u>          </u>	<u>          </u>

# Churngold Remediation Limited

## NOTES TO THE ACCOUNTS at 31 May 2001

### 4. STAFF COSTS

	2001 £000	2000 £000
Wages and salaries	171	79
Social security costs	17	9
Other pension costs	5	4
	<u>193</u>	<u>92</u>

The average monthly number of employees during the year was as follows:

	2001 No.	2000 No.
Administration	6	4

### 5. DIRECTORS' EMOLUMENTS

	2001 £000	2000 £000
Emoluments	47	33
Pension contributions	1	2
	<u>48</u>	<u>35</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £000	2000 £000
Bank overdraft	38	2

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
Corporation tax	-	209
Group relief payable	2	-
	<u>2</u>	<u>209</u>

### 8. DIVIDENDS

	2001 £000	2000 £000
Interim dividend paid	-	225
Final dividend proposed	150	-
	<u>150</u>	<u>225</u>



# Churngold Remediation Limited

## NOTES TO THE ACCOUNTS

at 31 May 2001

### 9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost:			
At 1 June 2000	6	10	16
Additions	4	7	11
Disposals	(5)	-	(5)
At 31 May 2001	5	17	22
Depreciation:			
At 1 June 2000	-	1	1
Provided during the year	4	5	9
Disposals	(2)	-	(2)
At 31 May 2001	2	6	8
Net book value:			
At 31 May 2001	3	11	14
At 1 June 2000	6	9	15

### 10. DEBTORS

	<i>2001 £000</i>	<i>2000 £000</i>
Trade debtors	101	183
Amounts owed by group undertakings	994	848
Other debtors	40	-
Prepayments and accrued income	27	-
Amounts recoverable on long term contracts	380	295
	1,542	1,326

Included within trade debtors is £6,000 (2000 - £Nil) due after more than one year.

Included within amounts recoverable on long term contracts is £38,000 (2000 - £6,000) owed by group undertakings.

# Churngold Remediation Limited

## NOTES TO THE ACCOUNTS

at 31 May 2001

### 11. CREDITORS: amounts falling due within one year

	2001 £000	2000 £000
Bank overdraft	562	55
Trade creditors	383	279
Amounts owed to group undertakings	171	24
Corporation tax	3	209
Other taxes and social security costs	9	87
Other creditors	-	2
Accruals	146	259
	<u>1,274</u>	<u>915</u>

### 12. CALLED UP SHARE CAPITAL

	2001 No	2000 No	2001 £000	2000 £000
Authorised:				
Ordinary shares of £1 each	101,473	101,473	101	101
Allotted, called up and fully paid:				
Ordinary shares of £1 each	15,823	15,823	16	16

### 13. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Merger reserve £000	Profit and loss account £000	Total £000
At 1 June 1999	16	150	-	166
Profit for the year	-	-	260	260
Realisation of merger reserve	-	(150)	150	-
At 31 May 2000	16	-	410	426
Loss for the year	-	-	(144)	(144)
At 31 May 2001	16	-	266	282

### 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 Holdings Limited group of companies.

### 15. CONTINGENT LIABILITIES

The bank hold a letter of cross guarantee and debenture between the company and its ultimate parent undertaking.

There are contingent liabilities in respect of performance bonds entered into in the normal course of business.

### 16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Churngold Holdings Limited. It has included the company in its group accounts, copies of which are available from its registered office.