Churngold Remediation Limited

Report and Financial Statements

31 May 2003

Registered No: 02761171

Directors
J R Ancell
A J G Chater
C A Sillars
J Ridgeway
H J Ventham

Secretary
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
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Bristol
BS11 9DQ

Directors' report

The directors present their report and financial statements for the year ended 31 May 2003.

Results and dividends

The loss for the year after taxation amounted to £54,000 (2002 - £175,000 profit). The directors do not recommend the payment of a dividend (2002 - £395,000).

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 well up on the previous year, however, investment in new technologies and technical staff led to a small loss.

Future developments

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

Directors and their interests

The present members of the Board are as listed on page 1. The following changes have occurred following the year end:

J Ridgeway -	appointed 1 September 2003
H J Ventham -	appointed 1 September 2003

None of the directors in office at the year end had an interest in the share capital of the company during the year or at the year-end. At 31 May 2003 the interests of A J G Chater and J R Ancell in the share capital of the ultimate parent undertaking, Viridor Waste (Bristol Holdings) Limited (formerly Churngold Holdings Limited) stood at 25,000 and 100,000 'B' ordinary 10p shares respectively. C A Sillars held no interest in the share capital of the ultimate parent undertaking.

Events happening after the balance sheet date

On 4 June 2003 the entire issued share capital of the company was acquired by Churngold Remediation Holdings Limited, a newly incorporated company, prior to the sale of Viridor Waste (Bristol Holdings) Limited (formerly Churngold Holdings Limited) to Viridor Waste Management Limited on the same date. Both A J G Chater and J R Ancell are shareholders in Churngold Remediation Holdings Limited.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report

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 financial statements 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

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 12 SEPTEMBER 2003

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Independent auditors' report

to the members of Churngold Remediation Limited

We have audited the company's financial statements for the year ended 31 May 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. 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 auditors' 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company 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 transactions with the company 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 United Kingdom 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 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 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 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 of the state of affairs of the company as at 31 May 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor

Bristol

Date 12 September 2003

Profit and loss account

for the year ended 31 May 2003

	Notes	2003 £000	2002 £000
Turnover	2	2,680	1,887
Cost of sales		(2,028)	(1,195)
Gross profit		652	692
Administrative expenses		(711)	(434)
Operating (loss)/profit	3	(59)	258
Interest payable and similar charges	6	(1)	(8)
(Loss)/profit on ordinary activities before taxation		(60)	250
Tax on (loss)/profit on ordinary activities	7	6	(75)
(Loss)/profit on ordinary activities after taxation		(54)	175
Dividends	8	-	(395)
Loss for the financial year transferred to reserves	13	(54)	(220)

Statement of total recognised gains and losses

for the year ended 31 May 2003

There were no recognised gains and losses attributable to the shareholder of the company for the current of preceding year other than as stated above.

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Balance sheet

at 31 May 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Tangible assets	9	91	44
Current assets			
Debtors	10	968	436
Cash at bank and in hand		-	163
		968	599
Creditors: amounts falling due within one year	11	(1,051)	(581)
Net current (liabilities)/assets		(83)	18
Total assets less current liabilities		8	62
Capital and reserves			
Called up share capital	12	16	16
Profit and loss account	13	(8)	46
Equity shareholder's funds		8	62

- Director

Date 12/09/03

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Notes to the financial statements

at 31 May 2003

1. Accounting policies

Basis of preparation

The financial statements 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

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 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 right to pay less or to receive more, tax, with the exception that 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 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.

Pensions

The company contributes to the personal pensions of certain employees and directors. Contributions are charged in the profit and loss account as incurred.

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 (loss)/profit

This is stated after charging:

	2003	*2002*
	£000	*£000*
Auditors' remuneration	4	4
Depreciation of owned fixed assets	77	12

Notes to the financial statements

at 31 May 2003

4. Staff costs

	2003 £000	2002 £000
Wages and salaries	498	257
Social security costs	51	25
Other pension costs	17	11
	566	293

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

	2003 No.	2002 No.
Technical, operations and administration	16	8

5. Directors' emoluments

	2003 £000	2002 £000
Emoluments (including contributions to personal pension schemes)	71	62

6. Interest payable and similar charges

	2003 £000	2002 £000
Bank overdraft interest	1	8

7. Tax on (loss)/profit on ordinary activities

	2003 £000	2002 £000
An analysis of the tax charge in the year is as follows:		
Current tax:		
UK corporation tax on (losses)/profits of the year	(6)	75
Deferred tax	-	-
Tax on (loss)/profit on ordinary activities	(6)	75

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Notes to the financial statements

at 31 May 2003

7. Tax on (loss)/profit on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax (30%). The differences are explained below:

	2003 *£000*	*2002* *£000*
(Loss)/profit on ordinary activities before tax	(60)	250
(Loss)/profit on ordinary activities multiplied by standard rate of tax in the UK of 30%	(18)	75
Effects of:		
Expenses not deductible for tax purposes	1	2
Decelerated/(accelerated) capital allowances	10	(2)
Other timing differences	1	-
Current tax (credit)/charge for year	(6)	75

No provision for deferred taxation was required at 31 May 2003 or 31 May 2002.

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8. Dividends

	2003 *£000*	*2002* *£000*
Interim dividend paid	-	350
Final dividend proposed	-	45
	-	395

9. Tangible fixed assets

	Plant and machinery *£000*
Cost:	
At 1 June 2002	61
Additions	127
Disposals	(9)
At 31 May 2003	179
Depreciation:	
At 1 June 2002	17
Provided during the year	77
Disposals	(6)
At 31 May 2003	88
Net book value:	
At 31 May 2003	91
At 1 June 2002	44

Notes to the financial statements

at 31 May 2003

10. Debtors

	2003 £000	2002 £000
Trade debtors	625	179
Amounts owed by group undertakings	1	1
Amounts owed by related undertakings	6	-
Other debtors	4	1
Corporation tax	56	-
Prepayments and accrued income	12	9
Amounts recoverable on long term contracts	264	246
	968	436

11. Creditors: amounts falling due within one year

	2003 £000	2002 £000
Bank overdraft	283	-
Trade creditors	646	182
Amounts owed to group undertakings	4	139
Amounts owed to related undertakings	11	20
Corporation tax	-	75
Other taxes and social security costs	24	11
Other creditors	12	12
Accruals	71	142
	1,051	581

12. Called up share capital

	2003 and 2002 No	2003 and 2002 £000
Authorised:		
Ordinary shares of £1 each	101,473	101
Allotted, called up and fully paid:		
Ordinary shares of £1 each	15,823	16

Notes to the financial statements

at 31 May 2003

13. Reconciliation of shareholder's funds and movement on reserves

	Share capital	*Profit and loss account*	*Total*
	£000	*£000*	*£000*
At 1 June 2001	16	266	282
Loss for the year	-	(220)	(220)
At 31 May 2002	16	46	62
Loss for the year	-	(54)	(54)
At 31 May 2003	16	(8)	8

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 Viridor Waste (Bristol Holdings) Limited (formerly Churngold Holdings Limited) group of companies.

During the year the company undertook the following transactions and had amounts owing to/from members of the Churngold Construction Holdings Limited group, a group under common control as at 31 May 2003, as follows:

	Purchases by Churngold Remediation Limited	*Sales by Churngold Remediation Limited*	*Amounts owing to related undertakings*	*Amounts owed by related undertakings*
	£000	*£000*	*£000*	*£000*
Churngold Construction Limited	129	108	11	6

At 31 May 2002, the company owed £20,000 to Churngold Construction Limited.

15. Contingent liabilities

The performance bond provider holds a letter of cross guarantee between the company and companies in the Churngold Construction Holdings Limited group and companies in the Viridor Waste (Bristol Holdings) Limited group.

16. Ultimate parent undertaking

The ultimate parent undertaking at 31 May 2003 was Viridor Waste (Bristol Holdings) Limited (formerly Churngold Holdings Limited). It has included the results of the company in its group financial statements, copies of which are available from its registered office