

Churngold Remediation Limited

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 May 2014

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COMPANIES HOUSE

Churngold Remediation Limited

COMPANY INFORMATION

DIRECTORS

A R Brown (Managing Director)
H J Ventham (Environmental Director)
R K McCabe (Director)
S R J Dyke (Commercial Director)

SECRETARY

R N Tredwin

REGISTERED OFFICE

St Andrews House
St Andrews Road
Avonmouth
Bristol
BS11 9DQ

BANKERS

Lloyds TSB Bank plc
61 Gloucester Road
Bristol
BS34 5JH

SOLICITORS

Osborne Clarke
2 Temple Back East
Temple Quay
Bristol
BS1 6EG

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55 - 61 Victoria Street
BRISTOL
BS1 6AD

Churngold Remediation Limited

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be the remediation of contaminated sites throughout the UK.

This year has seen a further positive trading result and reduction in debt levels.

DIRECTORS

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

H J Ventham
R K McCabe
A R Brown
S R J Dyke (appointed 16 May 2014)

DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Baker Tilly UK Audit LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Churngold Remediation Limited

REPORT OF THE DIRECTORS *(continued)*

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'R N Tredwin', with a long horizontal flourish extending to the right.

R N Tredwin
Secretary
15 August 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURNGOLD REMEDIATION LIMITED

We have audited the financial statements on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report

Baker Tilly UK audit LLP

HEATHER WHEELHOUSE (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Date: *18 August 2014*

Churngold Remediation Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2014

| | Note | 2014 £000 | 2013 £000 |
|---|------|--------------|--------------|
| TURNOVER | 2 | 990 | 1,541 |
| Cost of sales | | (676) | (1,049) |
| GROSS PROFIT | | 314 | 492 |
| Administrative expenses | | (276) | (281) |
| OPERATING PROFIT | 3 | 38 | 211 |
| Interest payable and similar charges | 6 | (4) | (3) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 34 | 208 |
| Tax on profit on ordinary activities | 7 | - | - |
| PROFIT FOR THE FINANCIAL YEAR | 16 | 34 | 208 |

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

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

Churngold Remediation Limited

BALANCE SHEET

as at 31 May 2014

| | Note | 2014 £000 | 2013 £000 |
|--|------|--------------|--------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | - | - |
| CURRENT ASSETS | | | |
| Debtors | 9 | 489 | 283 |
| Cash at bank and in hand | | - | 139 |
| | | 489 | 422 |
| CREDITORS: amounts falling due within one year | 10 | (489) | 456 |
| NET CURRENT LIABILITIES | | - | (34) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | - | (34) |
| CREDITORS: amounts falling due after more than one year | 11 | - | - |
| | | - | (34) |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 15 | 16 | 16 |
| Profit and loss account | 16 | (16) | (50) |
| SHAREHOLDERS DEFICIT | 17 | - | (34) |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements on pages 6 to 13 were approved by the directors and authorised for issue on 15 August 2014, and are signed on their behalf by:



S R J Dyke
Director

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

1. PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The principal accounting policies of the company have remained unchanged from the previous year.

GOING CONCERN

Despite trading profitably during the year, the company has net nil net assets at 31 May 2014. However, the directors consider, based on confirmations received, that the company has sufficient resources available in terms of both bank and related party funding to justify preparing the financial statements on a going concern basis.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

TURNOVER

Turnover is the total amount receivable for goods and services provided, net of VAT and trade discounts. In the case of long term contracts, turnover represents the sales value of work done in the year.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - over 3 to 5 years (straight line)

Motor Vehicles – over 2 to 7 years (straight line)

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

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

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

LONG-TERM CONTRACTS

Turnover and related costs on each long-term contract are recorded in the profit and loss account as contract activity progresses. Turnover is calculated on the basis of the value of the work done.

Attributable profit is calculated for each contract by reference to the contract's cumulative turnover, total contract value and total profit estimated for the completed contract. Full provision is made for losses on a contract immediately they can be foreseen in the balance sheet. The value of work completed at the year end and for which no sales invoice has been raised or no certification paid is included in amounts recoverable on long-term contracts.

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 May 2014

2. TURNOVER

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

| | 2014 £000 | 2013 £000 |
|----------------|--------------|--------------|
| United Kingdom | 990 | 1,541 |

3. OPERATING PROFIT

Operating profit is stated after charging:

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Depreciation of owned fixed assets | - | 3 |
| Auditor's remuneration: | | |
| Audit fees – Baker Tilly UK Audit LLP | 3 | 3 |
| Taxation fees – Baker Tilly Tax and Accounting Limited | 1 | 1 |
| Operating lease costs: | | |
| Plant and equipment | 174 | 201 |
| Land and buildings | 11 | 11 |

4. DIRECTORS AND EMPLOYEES

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

| | 2014 No | 2013 No |
|----------------------------|------------|------------|
| Number of management staff | 3 | 3 |
| Number of service staff | 4 | 4 |
| | 7 | 7 |

The aggregate payroll costs of the above were:

| | 2014 £000 | 2013 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 218 | 233 |
| Social security costs | 19 | 25 |
| | 237 | 258 |

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 May 2014

5. DIRECTORS

Remuneration in respect of directors was as follows:

| | 2014 £000 | 2013 £000 |
|-----------------------|--------------|--------------|
| Emoluments receivable | 95 | 72 |

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

| | 2014 No | 2013 No |
|------------------------|------------|------------|
| Money purchase schemes | 1 | 1 |

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2014 £000 | 2013 £000 |
|------------------------------------|--------------|--------------|
| Interest payable on bank borrowing | 4 | 3 |

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Current tax | | |
| UK Corporation tax based on the results for the year at 22.67% (2013: 24%) | - | - |
| (Over)/under provision in prior year | - | - |
| Total current tax | - | - |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2013: 24%).

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before taxation | 34 | 208 |
| Profit on ordinary activities by rate of tax | 8 | 50 |
| Capital allowances for period in excess of depreciation | (1) | (1) |
| Other short term timing differences | (1) | - |
| Losses utilised | (6) | (49) |
| Total current tax (note 7(a)) | - | - |

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 May 2014

8. TANGIBLE FIXED ASSETS

| | Plant & Machinery £000 |
|---------------------|------------------------------|
| Cost | |
| At 1 June 2013 | 304 |
| Additions | - |
| At 31 May 2014 | 304 |
| Depreciation | |
| At 1 June 2013 | 304 |
| Charge for the year | - |
| At 31 May 2014 | 304 |
| Net Book Value | |
| At 31 May 2014 | - |
| At 31 May 2013 | - |

9. DEBTORS

| | 2014 £000 | 2013 £000 |
|--------------------------------------|--------------|--------------|
| Trade debtors | 180 | 91 |
| Amounts owed by related undertakings | 51 | 40 |
| Amounts recoverable on contracts | 196 | 86 |
| Amounts owed by group undertakings | 60 | 58 |
| Other debtors | - | 5 |
| Prepayments and accrued income | 2 | 3 |
| | 489 | 283 |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 £000 | 2013 £000 |
|--------------------------------------|--------------|--------------|
| Bank overdraft | 27 | - |
| Trade creditors | 188 | 174 |
| Other taxation and social security | 29 | 43 |
| Other creditors | 26 | 27 |
| Amounts owed to related undertakings | 20 | 31 |
| Accruals and deferred income | 199 | 181 |
| | 489 | 456 |

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 May 2014

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2014 £000 | 2013 £000 |
|-----------------|--------------|--------------|
| Other creditors | - | - |

12. PENSIONS

The company operates a defined contribution scheme for the benefit of all employees. The assets of the scheme are administered by trustees in a fund independent from the company.

13. CONTINGENT LIABILITIES

There are contingent liabilities in respect of performance guarantees entered into in the normal course of business amounting to £nil as at 31 May 2014 (2013: £nil). The performance bond provider holds a letter of cross guarantee between the company, its parent undertaking and Churngold Construction Holdings Limited. Additionally, the bank holds a letter of cross guarantee and debenture between the company, its ultimate parent undertaking and Churngold Construction Holdings Limited in respect of bank borrowings.

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 Remediation 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, Churngold Waste and Recycling Limited and Churngold Recycling Limited entities where J R Ancell is both a director and one of the beneficiaries of the Ancell Trust, of which the Bourse Trust Company Limited is the Trustee and able to exercise more than 20% of the votes at 31 May 2014.

| | Purchases £000 | Sales £000 | Owed to £000 | Owed by £000 |
|---|-------------------|---------------|--------------------|--------------------|
| 2014 | | | | |
| Churngold Construction Holdings Limited | 8 | - | - | - |
| Churngold Waste Recycling Limited | - | 2 | - | - |
| Churngold Construction Limited | 144 | 73 | 20 | 5 |
| Churngold Surfacing Limited | 4 | 4 | - | - |
| Churngold Recycling Limited | - | 123 | - | 46 |
| | <u>156</u> | <u>199</u> | <u>20</u> | <u>51</u> |
| 2013 | | | | |
| Churngold Waste Recycling Limited | 31 | - | - | - |
| Churngold Construction Limited | 258 | 1 | 27 | - |
| Churngold Surfacing Limited | - | 4 | 4 | - |
| Churngold Recycling Limited | 4 | 21 | - | 40 |
| | <u>293</u> | <u>26</u> | <u>31</u> | <u>40</u> |

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 May 2014

15. SHARE CAPITAL

| | No | 2014 £000 | No | 2013 £000 |
|---|--------|--------------|--------|--------------|
| Allotted, called up and fully paid: Ordinary shares of £1 each | 15,823 | 16 | 15,823 | 16 |

16. PROFIT AND LOSS ACCOUNT

| | 2014 £000 | 2013 £000 |
|-------------------------------|--------------|--------------|
| Balance brought forward | (50) | (258) |
| Profit for the financial year | 34 | 208 |
| Balance carried forward | (16) | (50) |

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS DEFICIT

| | 2014 £000 | 2013 £000 |
|-------------------------------|--------------|--------------|
| Profit for the financial year | 34 | 208 |
| Opening shareholder's deficit | (34) | (242) |
| Closing shareholder's deficit | - | (34) |

18. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 May 2014 or 31 May 2013.

19. ULTIMATE PARENT COMPANY AND CONTROLLING RELATED PARTY

The company is a wholly owned subsidiary of Churngold Remediation Holdings Limited.

Churngold Remediation Holdings Limited represents the smallest and largest group into which the results of the company are consolidated. Group financial statements are available at the registered office of this company.

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