

2761171

CHURNGOLD REMEDIATION LIMITED

Report and Financial Statements

31 May 2002

 ERNST & YOUNG



Churngold Remediation Limited

Registered Number 02761171

DIRECTORS

J R Ancell
A J G Chater
C A Sillars

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
Avonmouth
Bristol
BS11 9DQ

Churngold Remediation Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 May 2002.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £175,000 (2001 - £6,000). The directors recommended the payment of an interim dividend of £350,000 during the year. They propose the payment of a final dividend of £45,000 (2001 - £150,000).

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 sustained at the levels achieved in the previous year. A marked improvement in trading profitability was achieved.

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 change occurred during the year:

J R Henderson - resigned 24 April 2002.

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 financial statements, copies of which are available from its registered office.

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.

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


16 AUGUST 2002

INDEPENDENT AUDITORS' REPORT
to the member of Churngold Remediation Limited

We have audited the company's financial statements for the year ended 31 May 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 at 31 May 2002 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

16 AUGUST 2002

Churngold Remediation Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 May 2002

	Notes	2002 £000	2001 £000
TURNOVER	2	1,887	1,851
Cost of sales		(1,195)	(1,398)
GROSS PROFIT		692	453
Administrative expenses		(434)	(407)
OPERATING PROFIT	3	258	46
Interest payable and similar charges	6	(8)	(38)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		250	8
Tax on profit on ordinary activities	7	(75)	(2)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		175	6
Dividends	8	(395)	(150)
LOSS FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	14	(220)	(144)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 May 2002

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


Churngold Remediation Limited

BALANCE SHEET

at 31 May 2002

	Notes	2002 £000	2001 £000
FIXED ASSETS			
Tangible assets	9	44	14
CURRENT ASSETS			
Debtors	10	436	1,542
Cash at bank and in hand		163	-
		599	1,542
CREDITORS: amounts falling due within one year	11	581	1,274
NET CURRENT ASSETS		18	268
TOTAL ASSETS LESS CURRENT LIABILITIES		62	282
CAPITAL AND RESERVES			
Called up share capital	13	16	16
Profit and loss account	14	46	266
EQUITY SHAREHOLDER'S FUNDS		62	282

ERNST & YOUNG

 - Director
Date 16 August 2002

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 May 2002

1. ACCOUNTING POLICIES

Accounting convention

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
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 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 following exceptions:

- 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 PROFIT

This is stated after charging:

	2002	2001
	£000	£000
Auditors' remuneration	4	4
Depreciation of owned fixed assets	12	9
	<u> </u>	<u> </u>

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

4. STAFF COSTS

	2002 £000	2001 £000
Wages and salaries	268	176
Social security costs	25	17
	<u>293</u>	<u>193</u>

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

	2002 No.	2001 No.
Administration	8	6

5. DIRECTORS' EMOLUMENTS

	2002 £000	2001 £000
Emoluments (including contributions to personal pension schemes)	62	48

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £000	2001 £000
Bank overdraft interest	8	38

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £000	2001 £000
An analysis of the tax charge in the period is as follows:		
Current tax:		
UK corporation tax on profits of the period	75	-
Deferred tax	-	-
Tax on profit on ordinary activities	<u>75</u>	<u>2</u>

The tax assessed for the period is at the standard rate of tax in the UK (30%).

8. DIVIDENDS

	2002 £000	2001 £000
Interim dividend paid	350	-
Final dividend proposed	45	150
	<u>395</u>	<u>150</u>

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost:			
At 1 June 2001	5	17	22
Additions	-	44	44
Disposals	(5)	-	(5)
At 31 May 2002	-	61	61
Depreciation:			
At 1 June 2001	2	6	8
Provided during the year	1	11	12
Disposals	(3)	-	(3)
At 31 May 2002	-	17	17
Net book value:			
At 31 May 2002	-	44	44
At 1 June 2001	3	11	14

10. DEBTORS

	<i>2002 £000</i>	<i>2001 £000</i>
Trade debtors	179	101
Amounts owed by group undertakings	1	994
Other debtors	1	40
Prepayments and accrued income	9	27
Amounts recoverable on long term contracts	246	380
	<u>436</u>	<u>1,542</u>

Included within trade debtors is £Nil (2001 - £6,000) due after more than one year.

Included within amounts recoverable on long term contracts is £Nil (2001 - £38,000) owed by group undertakings.

11. CREDITORS: amounts falling due within one year

	<i>2002 £000</i>	<i>2001 £000</i>
Bank overdraft	-	562
Trade creditors	182	383
Amounts owed to group undertakings	139	171
Amounts owed to related undertakings	20	-
Corporation tax	75	3
Other taxes and social security costs	11	9
Other creditors	12	-
Accruals	142	146
	<u>581</u>	<u>1,274</u>

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

12. PROVISIONS FOR LIABILITIES AND CHARGES

The directors have complied with the requirements of Financial Reporting Standard Number 19, "FRS 19" which requires deferred tax to be provided on the estimated tax consequences of transactions and events recognised in the financial statements of the current and previous period.

There are no specific transitional arrangements under FRS 19. However, there was no unprovided deferred tax at 31 May 2001 and therefore no prior year adjustment to re-state the comparative figures as if FRS 19 had always been in force. No provision for deferred taxation is required at 31 May 2002.

13. CALLED UP SHARE CAPITAL

	2002 No	2001 No	2002 £000	2001 £000
Authorised:				
Ordinary shares of £1 each	101,473	101,473	101	101
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	15,823	15,823	16	16
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total £000
At 1 June 2000	16	410	426
Loss for the year	-	(144)	(144)
	<u> </u>	<u> </u>	<u> </u>
At 31 May 2001	16	266	282
Loss for the year	-	(220)	(220)
	<u> </u>	<u> </u>	<u> </u>
At 31 May 2002	16	46	62
	<u> </u>	<u> </u>	<u> </u>

15. RELATED PARTY TRANSACTIONS

Prior to 24 April 2002, the company was a wholly owned subsidiary undertaking of Churngold Holdings Limited.

The company therefore 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.

On 24 April 2002 Churngold Holdings Limited was re-organised by means of a de-merger with two former fellow subsidiary undertakings, Churngold Construction Limited and Churngold Surfacing Limited, being disposed of out of the Churngold Holdings Limited group.

Churngold Remediation Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 May 2002

15. RELATED PARTY TRANSACTIONS (continued)

During the year the company undertook the following transactions and had amounts owing to/from members of the Churngold Construction Holdings Limited group as follows:

	<i>Purchases by Churngold Remediation Limited £000</i>	<i>Sales by Churngold Remediation Limited £000</i>	<i>Amounts owing to related undertakings £000</i>	<i>Amounts owed by related undertakings £000</i>
Churngold Construction Limited	16	-	20	-
Churngold Surfacing Limited	-	-	-	-
	<u>16</u>	<u>-</u>	<u>20</u>	<u>-</u>

16. CONTINGENT LIABILITIES

The bank holds a letter of cross guarantee and debenture between the company and its ultimate parent undertaking, and between the company and a fellow subsidiary. Similar cross guarantees are in place for performance bonds. In both cases these cross guarantees still include Churngold Construction Limited now part of a separate Group but under common control.

17. ULTIMATE PARENT UNDERTAKING

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