

Rydon Remediation Limited

REGISTRAR OF COMPANIES

2208207

Financial Statements - 30 September 2006

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COMPANIES HOUSE

Rydon Remediation Limited

General Information

Directors

R Bond
J E Kitchen
P T Wright

Secretary

D R Gardner

Registered Office

Rydon House
Forest Row
East Sussex
RH18 5DW

Registered Auditors

Mazars LLP
37 Frederick Place
BRIGHTON
BN1 4EA

Registered Number

2208207

Rydon Remediation Limited

Directors' Report

The directors present their report and the financial statements for the 18 month period ended 30 September 2006

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the 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,
- comply with applicable United Kingdom accounting standards, 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 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.

Review of the Business and Future Developments

The principal activity of the company continued to be the remediation of contaminated land. The period end financial position is in accordance with the expectations of the directors and they anticipate that the present level of activity will be sustained in the foreseeable future.

Results and Dividends

The results of the company for the 18 month period ended 30 September 2006 are set out in the financial statements on pages 5 to 13.

The directors do not recommend the payment of a dividend (2005 - Nil).

Directors

The directors set out below have held office during the whole of the period from 1 April 2005 to the date of this report unless otherwise stated.

R Bond
D D Dennard (resigned 21 January 2006)
M W Gearon (resigned 21 January 2006)
J E Kitchin (appointed 12 January 2006)
G N Turner (resigned 21 January 2006)
P T Wright (appointed 12 January 2006)

None of the directors had any interest in the shares of the company, according to the register of directors' interests, at any time during the 18 month period ended 30 September 2006. The interests of the directors in the shares of the parent company, Rydon Group Limited, and the ultimate parent company, Rydon Holdings Limited, are set out in the directors' report of those companies.

Rydon Remediation Limited

Directors' Report (continued)

Directors (Continued)

Share options in Rydon Group Limited were exercised during the period by the following directors

	No of Shares	Option Price
R Bond	8,571	£3 50
J E Kitchin	8,571	£3 50
P T Wright	5,000	£3 00

No other rights to subscribe for shares in the company or any body corporate in the same group were granted to or exercised by any director during the period

General Meetings

The company has elected, in pursuance of Section 252, Companies Act 1985, not to lay accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that the accounts are laid before the company in general meeting

Statement as to Disclosure of Information to Auditors

The directors who were members of the board at the date of approval of this Directors report confirm that, to the best of their knowledge, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps a director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

An elective resolution has been passed in accordance with S 386 of the Companies Act 1985 to dispense with the annual re-appointment of auditors

Approved by the board on 23 January 2007 and signed on its behalf by



P T Wright
Director

Rydon House
Forest Row
East Sussex

Independent Auditors' Report to the Shareholders of Rydon Remediation Limited

We have audited the financial statements of Rydon Remediation Limited for the 18 month period ended 30 September 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

Basis of 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 September 2006 and of its profit for the 18 month period 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.

Mazars LLP



Chartered Accountants and Registered Auditors
37 Frederick Place
Brighton BN1 4EA

23 January 2007

Rydon Remediation Limited

Profit and Loss Account

For the 18 Month Period Ended 30 September 2006

	Notes	2006 (18 Months) £	2005 (12 Months) £
Turnover		234,333	256,000
Cost of completed contracts		<u>(84,061)</u>	<u>(588,001)</u>
Gross Profit (Loss)		150,272	(332,001)
Other operating income		11,413	7,104
Administrative expenses		<u>462</u>	<u>(30,126)</u>
Operating Profit (Loss)		162,147	(355,023)
Interest receivable from group companies		<u>11,974</u>	<u>21,152</u>
Profit (Loss) on Ordinary Activities Before Taxation	3	174,121	(333,871)
Taxation on profit (loss) on ordinary activities	6	<u>(52,208)</u>	<u>100,166</u>
Profit (Loss) for the Financial Period	12	<u>£121,913</u>	<u>£(233,705)</u>

The company's turnover and expenses all relate to continuing operations

The company has no recognised gains or losses other than the profit for the period

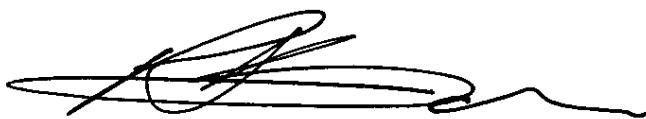
The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis

Rydon Remediation Limited

Balance Sheet at 30 September 2006

	Notes	30 September 2006 £	31 March 2005 £
Fixed Assets			
Intangible asset	7	16,458	21,383
Current Assets			
Work-in-progress	8	177,037	-
Debtors	9	2,387,398	2,279,426
Cash at bank		<u>4</u>	<u>332,935</u>
		2,564,439	2,612,361
Creditors - Amounts Falling Due Within One Year	10	<u>(2,553,379)</u>	<u>(2,728,139)</u>
Net Current Assets (Liabilities)		11,060	(115,778)
Net Assets (Liabilities)		<u>£27,518</u>	<u>£(94,395)</u>
Capital and Reserves			
Called up share capital	11	2	2
Profit and loss account	12	<u>27,516</u>	<u>(94,397)</u>
Shareholders' Funds (Deficit)	12	<u>£27,518</u>	<u>£(94,395)</u>

Approved by the board on 23 January 2007, and signed on its behalf by



R Bond - Director

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

1 Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards

(a) Accounting convention

The financial statements are prepared under the historical cost convention

(b) Basis of preparation of the financial statements

The directors consider that the financial statements are properly drawn up on a going concern basis

(c) Exemption from the requirement to prepare a cashflow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1, not to prepare a cashflow statement as it is a wholly owned subsidiary of a company whose financial statements are publicly available

(d) Turnover

Turnover represents the value of work done, excluding value added tax, in respect of remediation work carried out

(e) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful lives

(f) Work-in-progress

Work-in-progress is valued at the lower of cost and estimated net realisable value. Cost consists of materials, direct labour and direct overhead costs. For both short term and long term contracts, where profits can reasonably be foreseen, the proportion of the estimated total profit on each contract attributable to the value of work carried out is included in the valuation. Provisions for estimated losses on contracts are made in the period in which such losses are foreseen. Progress payments received or receivable at the balance sheet date are deducted up to the amount of the valuation, any excess being included in current liabilities as progress payments received in advance.

(g) Intangible asset

The intangible asset comprises a mobile plant licence. This is shown at cost less accumulated depreciation. The intangible asset is amortised through the profit and loss account in equal instalments over its estimated useful life.

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

1 Accounting Policies (continued)

(h) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from when the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

(i) Leases

Rental income from operating leases is recognised on a straight line basis over the terms of the lease

2 Segmental Information

The turnover, loss before taxation and net liabilities are attributable to the principal activity, remediation of contaminated land. The company operates in the UK and the whole of its turnover is to the UK market

3 Profit (loss) on Ordinary Activities Before Taxation

	2006 (18 Months) £	2005 (12 Months) £
The profit (loss) on ordinary activities before taxation is stated after charging (crediting)		
Rent receivable	(11,413)	(7,104)
Depreciation charged from Rydon Group	-	3,909
Depreciation of intangible fixed asset	<u>4,925</u>	<u>3,284</u>

Bank overdraft facilities are arranged on a group basis and consequently individual companies do not bear specific charges for interest on their short term borrowing. A credit for interest on monies provided to the group is made within the management charges levied by the company's parent company

All audit fees are paid by Rydon Group Limited

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

4 Directors

	2006 (18 Months) £	2005 (12 Months) £
Remuneration		
Total emoluments receivable from Rydon Group Limited in respect of management services provided to Rydon Remediation Limited	-	-

All the directors are employed and paid by Rydon Group Limited

The emoluments of directors disclosed above include the following amounts paid to the highest paid director

	2006 (18 Months) £	2005 (12 Months) £
Emoluments	-	-

During the period no directors accrued benefits under money purchase pension schemes (2005-None)

5 Staff Costs

All staff are employed and paid by Rydon Group Limited

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

6 Taxation on Profit/(Loss) on Ordinary Activities

	2006 (18 Months) £	2005 (12 Months) £
(a) Analysis of charge in the period		
Current Tax		
UK corporation tax on profit for the period	5,761	-
Payment for group relief	46,447	(100,161)
Adjustment in respect of previous period	-	(5)
	<u>£52,208</u>	<u>£(100,166)</u>

(b) Factors affecting tax charge for period

The tax assessed for the period is different to the standard rate of corporation tax in the UK applicable to the company 30% (2005 - 30%) The differences are explained below

	2006 (18 Months) £	2005 (12 Months) £
Profit (loss) on ordinary activities before tax	<u>£174,121</u>	<u>£(333,871)</u>
Profit (loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2005 - 30%)	52,236	(100,161)
Effects of		
Depreciation on ineligible assets	(1,478)	-
Depreciation in excess of capital allowance	1,478	-
Payment of group relief at the marginal rate	(28)	-
Adjustment in respect of previous period	-	(5)
	<u>£52,208</u>	<u>£(100,166)</u>

(c) Factors that may affect future tax charges

No provision has been made for a deferred tax liability of approximately £4,937 (2005 - £3,459) attributable to depreciation in excess of capital allowances. The deferred tax liability has not been recognised because in the opinion of the directors the amount was not material.

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

7 Intangible Fixed Asset

	Licence £
Cost	
At 1 April 2005	32,833
Additions	-
	<hr/>
At 30 September 2006	<u>£32,833</u>
Accumulated Depreciation	
At 1 April 2005	11,450
Charge for the period	4,925
	<hr/>
At 30 September 2006	<u>£16,375</u>
Net Book Values	
At 30 September 2006	<u>£16,458</u>
	<hr/>
At 31 March 2005	<u>£21,383</u>
	<hr/>
Depreciation rate	10%

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

8 Work-in-progress

	30 September 2006 £	31 March 2005 £
Land held for future development including associated costs	823,423	463,362
Provision for foreseeable losses	(646,386)	(463,362)
	<u>£177,037</u>	<u>£ -</u>

9 Debtors

	30 September 2006 £	31 March 2005 £
Due Within One Year		
Trade debtors	105,030	133,029
Amounts owed by group companies	2,280,243	2,142,687
Other debtors	2,125	3,710
	<u>£2,387,398</u>	<u>£2,279,426</u>

10 Creditors - Amounts Falling Due Within One Year

	30 September 2006 £	31 March 2005 £
Trade creditors	9,400	19,818
Amounts owed to group companies	1,918,876	1,901,702
Corporation tax	5,760	-
Other creditors	619,343	806,619
	<u>£2,553,379</u>	<u>£2,728,139</u>

Rydon Remediation Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2006

11 Share Capital

	Authorised		Allotted, issued and fully paid	
	30 September 2006	31 March 2005	30 September 2006	31 March 2005
	£	£	£	£
Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>	<u>£2</u>	<u>£2</u>

12 Reconciliation of Movements in Shareholders' Funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 31 March 2004	2	139,308	139,310
Loss for the year	-	(233,705)	(233,705)
Balance at 31 March 2005	2	(94,397)	(94,395)
Profit for the period	-	121,913	121,913
Balance at 30 September 2006	<u>£2</u>	<u>£27,516</u>	<u>£27,518</u>

13 Contingent Liabilities

The company has given an unlimited guarantee to its bankers for monies due to the bank by the company's parent and fellow subsidiary companies. No liability is expected to arise.

14 Parent Company

The immediate parent company is Rydon Group Limited, a company registered in England and Wales. On 21 January 2006, Rydon Group Limited became a 100% subsidiary of Rydon Holdings Limited. A copy of the financial statements of both companies can be obtained from the trading address of the ultimate parent company Rydon Holdings Limited, at Rydon House, Forest Row, East Sussex, RH18 5DW.

15 Related Party Transactions

The company has taken advantage of the exemption conferred on 90% subsidiary undertakings by Financial Reporting Standard No. 8 regarding the disclosure of related party transactions within the same group.