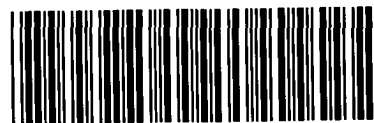


ERIC WRIGHT CONSTRUCTION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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COMPANIES HOUSE

ERIC WRIGHT CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors

JH Wilson
E Bourne (resigned 16 March 2017)
JF Carter
JP Hartley
RE Wright
JR Hartnett (appointed 1 January 2018)
J Eager (appointed 1 January 2018)
DJ Gosling (appointed 1 January 2018)
SJ Reid (appointed 1 January 2018)

Company secretary

M Kumar

Registered number

00190204

Registered office

Sceptre House
Sceptre Way
Bamber Bridge Preston
PR5 6AW

INDEPENDENT AUDITOR

KPMG LLP, Statutory Auditor
1, St Peter's Square
Manchester
M2 3AE

ERIC WRIGHT CONSTRUCTION LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 26

ERIC WRIGHT CONSTRUCTION LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Introduction

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

ENHANCED BUSINESS REVIEW

Performance and development during the year

The results for the year and financial position of the company Eric Wright Construction Limited ("EWC") are as shown in the financial statements.

The construction industry continued to face challenges including project delays due to funding, acute skills shortages and above RPI inflation within the supply chain. This is evidenced by a number of high profile business failures including Carillion in early 2018 along with thin margins being widely reported.

Turnover reduced in 2017 to £79.4m (2016: £119.3m), the reasons for which are largely two fold. Firstly, management adopted a clear strategy to carefully select projects in order to maintain appropriate contract margins, quality products and on-time delivery rather than maximising turnover. Secondly, delays in start on site for three major contracts had a material impact on the proportion of turnover earned in 2017. Despite this turnover decrease however, the losses before tax were substantially reduced from £1,389k in 2016 to £497k in the current year demonstrating all round improvement in quality of work and delivery.

The client base expanded in 2017 and existing relationships such as those with Muse and Manchester Life continued to develop and strengthen. At the year end, for those two clients alone, we were on site with contracts valuing £77.3m in total. The company was awarded a place on the new ESFA Framework in both the North High Value and North West Low Value lots affording access to over £1bn of education projects over the next four years. As part of the pipeline for 2018 and 2019, numerous new trading relationships have been developed which continue to spread trading risk.

The North West market continues to see greater levels of activity in residential when compared to other sectors. This reflects increasing demand in markets such as central Manchester and the business now has considerable expertise in delivering these types of projects on budget and programme and to the required high standard of finishes.

The senior management team oversaw the renewal of our ISO 9001, 14001 and 18001 accreditations and further improvements in Health and Safety, Customer Satisfaction and Quality measured by our Key Performance Indicators. In recognition of their contribution to the improved performance four new directors were appointed on January 1st 2018.

Our unique business model supported by the Eric Wright Trust made 2017 an exceptional year in terms of providing added value to our clients through our local employment, apprenticeship and other CSR programmes.

ERIC WRIGHT CONSTRUCTION LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Principal risks and uncertainties

As noted above, the Construction industry continues to face considerable challenges. The increase in city centre residential development, particularly in Manchester, has made a number of trades including bricklaying, concrete frames and dry lining increasingly difficult and expensive to procure. EWC has invested in a number of pre-fabricated alternatives to manage exposure and safeguard programmes.

Projects continue to suffer delays especially those which rely on external funding. It appears that projects are being tendered too early in many cases, leading to extended pre-construction periods and multiple re-bids making planning of workload extremely difficult.

With the deadline for Brexit fast approaching we anticipate further disruption with UK business investment unlikely to increase until the final details are agreed.

Financial key performance indicators

The directors monitor key performance indicators to ensure they are within acceptable parameters. These include:

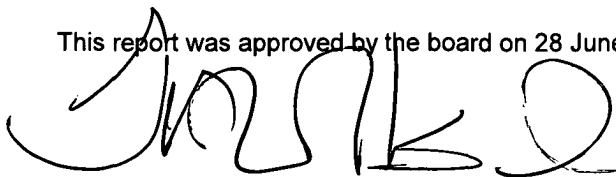
- Gross and net profit by contract
- Turnover secured against target
- Health and safety indicators
- Contract delivery performance and aftercare services
- Quality indicators

Targets are established as an integral part of the annual business planning process. Progress against targets is monitored monthly at Group board.

Position at the end of the year

Having secured a number of substantial contracts, the order book for 2018 and 2019 is above expectations placing the business in an excellent position to return to sustained profitability.

This report was approved by the board on 28 June 2018 and signed on its behalf.



JH Wilson
Director

ERIC WRIGHT CONSTRUCTION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the Company in the year under review was that of a building contractor providing design and construction services for a variety of clients within the commercial, retail, residential, industrial, sport, leisure and transport sectors.

Business review

The results for the year and financial position of the company are shown in the financial statements on pages 9-26.

Results and dividends

The loss for the year, after taxation, amounted to £518,302 (2016 - loss £1,387,650).

A dividend of £250,000 has been declared and paid in the current year (2016: *£nil*).

Directors

The Directors who served during the year were:

JH Wilson
E Bourne (resigned 16 March 2017)
JF Carter
JP Hartley
RE Wright

Political and charitable contributions

The Company made charitable donations of £1,076 for the year ended 31 December 2017 (2016: £100).

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

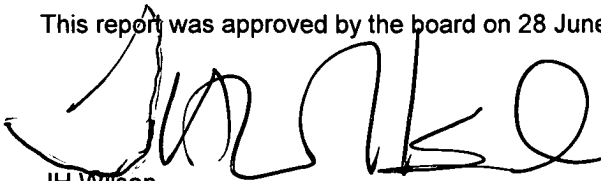
ERIC WRIGHT CONSTRUCTION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

AUDITOR

The auditor, KPMG LLP, Statutory Auditor, will be deemed to be reappointed in accordance with section 487 of the Companies Act 2006

This report was approved by the board on 28 June 2018 and signed on its behalf.

A large, stylized handwritten signature in black ink, appearing to read 'JH Wilson'.

JH Wilson
Director

ERIC WRIGHT CONSTRUCTION LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

ERIC WRIGHT CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ERIC WRIGHT CONSTRUCTION LIMITED

Opinion

We have audited the financial statements of Eric Wright Construction Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

ERIC WRIGHT CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ERIC WRIGHT CONSTRUCTION LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ERIC WRIGHT CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ERIC WRIGHT CONSTRUCTION LIMITED (CONTINUED)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, 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 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.



Richard Evans (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

1, St Peter's Square
Manchester
M2 3AE

Date: 29 June 2018

ERIC WRIGHT CONSTRUCTION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	3	79,420,055	119,260,591
Cost of sales		(77,135,909)	(116,857,772)
Gross profit		2,284,146	2,402,819
Administrative expenses		(2,786,250)	(3,881,868)
Other operating income	4	57	66
Operating loss	5	(502,047)	(1,478,983)
Fair value movement on investments		986	(1,463)
Interest receivable and similar income	8	3,783	91,828
Loss before tax		(497,278)	(1,388,618)
Tax on loss	9	(21,024)	968
Loss for the financial year		(518,302)	(1,387,650)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(518,302)	(1,387,650)

The notes on pages 13 to 26 form part of these financial statements.

ERIC WRIGHT CONSTRUCTION LIMITED
REGISTERED NUMBER: 00190204

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	345,452	292,670
Investments	12	25,492	27,132
		<u>370,944</u>	<u>319,802</u>
Current assets			
Debtors: amounts falling due within one year	13	16,527,777	20,640,518
Cash at bank and in hand		6,314,083	2,862,870
		<u>22,841,860</u>	<u>23,503,388</u>
Creditors: amounts falling due within one year	14	(16,854,806)	(16,666,643)
Net current assets		<u>5,987,054</u>	<u>6,836,745</u>
Total assets less current liabilities		<u>6,357,998</u>	<u>7,156,547</u>
Provisions for liabilities			
Deferred tax	15	(8,076)	-
Other provisions	16	(39,343)	(77,666)
		<u>(47,419)</u>	<u>(77,666)</u>
Net assets		<u><u>6,310,579</u></u>	<u><u>7,078,881</u></u>
Capital and reserves			
Called up share capital	17	47,334	47,334
Capital redemption reserve		1,972	1,972
Investment reserve		23,360	22,374
Profit and loss account		6,237,913	7,007,201
Shareholders' funds		<u><u>6,310,579</u></u>	<u><u>7,078,881</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2018.


JH Wilson
 Director

The notes on pages 13 to 26 form part of these financial statements.

ERIC WRIGHT CONSTRUCTION LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDING 31 DECEMBER 2017**

	Called up share capital	Capital redemption reserve	Investment reserve - unrealised gains	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	47,334	1,972	22,374	7,007,201	7,078,881
Comprehensive loss for the year					
Loss for the year	-	-	-	(518,302)	(518,302)
Total comprehensive loss for the year	-	-	-	(518,302)	(518,302)
Dividends	-	-	-	(250,000)	(250,000)
Transfer to investment reserve	-	-	986	(986)	-
At 31 December 2017	47,334	1,972	23,360	6,237,913	6,310,579

The notes on pages 13 to 26 form part of these financial statements.

ERIC WRIGHT CONSTRUCTION LIMITED

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDING 31 DECEMBER 2016**

	Called up share capital	Capital redemption reserve	Investment reserve - unrealised gains	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	47,334	1,972	23,837	8,393,388	8,466,531
Comprehensive loss for the year					
Loss for the year	-	-	-	(1,387,650)	(1,387,650)
Total comprehensive loss for the year	-	-	-	(1,387,650)	(1,387,650)
Transfer to investment reserve	-	-	(1,463)	1,463	-
At 31 December 2016	47,334	1,972	22,374	7,007,201	7,078,881

The notes on pages 13 to 26 form part of these financial statements.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies

1.1 Basis of preparation of financial statements

Eric Wright Construction Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The financial statements have been prepared under the historical cost convention except for listed investments that are stated at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Henmead Limited as at 31 December 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The company is a qualifying entity.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated been applied consistently to all periods presented in these statements.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.3 Going concern

Management have reviewed the future trading and cashflow forecasts and have assessed that the company, with continued group support, will have sufficient available funds to meet all liabilities as they fall due. On this basis management continue to adopt the going concern basis in the preparation of the accounts.

The directors have received confirmation from the ultimate parent company (Henmead Limited) that it has sufficient funds and is willing to provide financing to the extent necessary for the company to continue to trade and to pay its liabilities as and when they become due, for the next 12 months and thereafter for the foreseeable future. On the basis of the assessment outlined above the directors have a reasonable expectation that, having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance, the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing these financial statements.

1.4 Revenue and other operating income

Turnover

Turnover is stated net of VAT and represents the value of work in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year. Turnover arises wholly within the United Kingdom.

Other operating income

Other operating income is stated net of VAT. It represents fees charged on specific payroll deductions administered through the payroll system and charged out as a fee to employees.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Long-term leasehold property	-	4% on cost
Plant and machinery	-	20% on reducing balance
Motor vehicles	-	25% on reducing balance
Fixtures and fittings	-	15% on reducing balance
Computer equipment	-	33% on cost

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.7 Long term contracts and amounts recoverable on contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Profits on long term contracts are recognised based on the percentage complete and the estimated project outcome. Provision is made for any losses as soon as they are foreseen.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

3. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Design and construction services	<u>79,420,055</u>	<u>119,260,591</u>

All turnover arose within the United Kingdom.

4. Other operating income

	2017 £	2016 £
Other operating income	<u>57</u>	<u>66</u>

5. EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following:

	2017 £	2016 £
Depreciation of tangible fixed assets	86,438	82,514
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	29,471	28,613
Defined contribution pension cost	<u>778,320</u>	<u>776,076</u>

Fees for other services and taxation are borne by Eric Wright Group Limited.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Employees

Staff costs, including Directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	6,758,168	6,809,857
Social security costs	748,673	754,832
Cost of defined contribution scheme	778,320	776,076
	<u>8,285,161</u>	<u>8,340,765</u>

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

	2017 No.	2016 No.
Direct Labour	33	44
Administration	116	124
	<u>149</u>	<u>168</u>

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	142,404	519,854
Company contributions to defined contribution pension schemes	35,396	95,168
	<u>177,800</u>	<u>615,022</u>

During the year retirement benefits were accruing to 1 Director (2016 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £129,689 (2016 - £133,566).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £35,063 (2016 - £32,831).

Directors' emoluments for the services of certain directors to the company are borne by companies within the Eric Wright Group Limited. An appropriate allocation of their remuneration for services to this company would be £10,000 (2016: £10,000). No recharge for these services is recognised in the financial statements.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Interest receivable

	2017 £	2016 £
Bank interest receivable	<u>3,783</u>	<u>91,828</u>

9. Taxation

	2017 £	2016 £
Corporation tax		
Adjustments in respect of previous periods	-	140
	<u>-</u>	<u>140</u>
Total current tax	<u>-</u>	<u>140</u>
Deferred tax		
Origination and reversal of timing differences	11,812	(9,304)
Adjustment for prior periods	9,212	7,982
Change in tax rate	-	214
Total deferred tax	<u>21,024</u>	<u>(1,108)</u>
Taxation on loss	<u>21,024</u>	<u>(968)</u>

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss before tax	<u>(497,278)</u>	<u>(1,388,618)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(95,726)	(276,713)
Effects of:		
Expenses not deductible for tax purposes	1,741	2,045
Capital allowances for year in excess of depreciation	1,460	1,713
Adjustments to tax charge in respect of prior periods	-	8,122
Impact of change in deferred tax rates and difference between current and deferred tax rates	(1,562)	1,856
Group relief	105,899	262,009
Adjustment in respect of prior period - deferred tax	9,212	-
Total tax charge/(credit) for the year	<u><u>21,024</u></u>	<u><u>(968)</u></u>

Factors that may affect future tax charges

The UK corporation tax rate had been 20% since 1 April 2015. The rate reduced to 19% with effect from 1 April 2017 and will reduce to 17% with effect from 1 April 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on a rate of 17% as this is the prevailing rate at which the group expects the deferred tax liability to reverse.

10. Dividends

	2017 £	2016 £
Dividends paid	<u><u>250,000</u></u>	<u><u>-</u></u>

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2017	189,570	989,813	98,747	1,061,393	2,339,523
Additions	-	105,750	-	42,493	148,243
Disposals	-	(34,284)	-	-	(34,284)
At 31 December 2017	189,570	1,061,279	98,747	1,103,886	2,453,482
Depreciation					
At 1 January 2017	173,257	800,920	58,536	1,014,140	2,046,853
Charge for the year	7,584	29,948	10,235	38,671	86,438
Disposals	-	(25,261)	-	-	(25,261)
At 31 December 2017	180,841	805,607	68,771	1,052,811	2,108,030
Net book value					
At 31 December 2017	8,729	255,672	29,976	51,075	345,452
At 31 December 2016	16,313	188,893	40,211	47,253	292,670

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Fixed asset investments

	Investments in subsidiary companies £	Listed investments £	Loans to associates £	Total £
Cost or valuation				
At 1 January 2017	26	24,506	2,600	27,132
Repayment	-	-	(2,600)	(2,600)
Impairment	(26)	-	-	(26)
Revaluations	-	986	-	986
At 31 December 2017	-	25,492	-	25,492
Net book value				
At 31 December 2017	-	25,492	-	25,492

Listed investments

The fair value of the listed investments at 31 December 2017 was £25,492 (2016: £24,506) in line with their market value.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Debtors

	2017 £	2016 £
Trade debtors	8,662,868	12,398,721
Amounts owed by group undertakings	3,170,714	3,898,064
Other debtors	19,501	348,979
Prepayments and accrued income	173,170	223,245
Amounts recoverable on long term contracts	4,501,524	3,758,561
Deferred taxation (note 15)	-	12,948
	<u>16,527,777</u>	<u>20,640,518</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

14. Creditors: Amounts falling due within one year

	2017 £	2016 £
Payments received on account	1,239,995	1,868,911
Trade creditors	12,285,249	13,189,972
Amounts owed to group undertakings	1,391,110	985,704
Other taxation and social security	1,024,768	276,921
Other creditors	56,555	54,940
Accruals and deferred income	857,129	290,195
	<u>16,854,806</u>	<u>16,666,643</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

15. Deferred taxation

	2017 £
At 1 January 2017	12,948
Charged to the profit and loss	(21,024)
At 31 December 2017	<u>(8,076)</u>

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(23,158)	(19,022)
Short term timing differences	15,082	31,970
Deferred tax (liability)/asset	(8,076)	12,948

16. Provisions

	Ex-Gratia payments due to former directors £
At 1 January 2017	77,666
Credited to the profit and loss	(38,323)
At 31 December 2017	39,343

A provision for ex-gratia payments for former employees was made in a prior year. This provision is being utilised at £38,000 per annum over the seven year period ending 31 December 2018.

17. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
473,340 Ordinary shares of £0.10 each	47,334	47,334

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Contingent liabilities

The company has given an unlimited cross guarantee against the bank borrowings of Eric Wright Group Limited and all other group companies. This is supported by a first legal charge over certain group assets.

19. Pension commitments

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension charge for the year is £778,320 (2016: £776,076) and the amount due to the scheme at the year end is £51,420 (2016: £52,534).

20. Related party transactions

East Lancashire Capital Projects Limited

During a prior year the company supplied construction services to East Lancashire Capital Projects Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has a 60% shareholding in the parent company of East Lancashire Capital Projects Limited. Goods and services totalling £nil (2016: £nil) were supplied to East Lancashire Capital Projects Limited in the year. An amount of £133,445 (2016: £nil) was owed by East Lancashire Capital Projects Limited as at 31 December 2017 in relation to retention monies due.

Blackpool Local Education Partnership Limited

During the year the company supplied construction services to Blackpool Local Education Partnership Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has an 80% shareholding in the company. Goods and services totalling £1,121,695 (2016: £nil) were supplied to Blackpool Local Education Partnership Limited in the year. An amount of £nil (2016: £nil) was owed by Blackpool Local Education Partnership Limited as at 31 December 2017.

Sapphire Extra Care Limited

During the prior year the company supplied construction services to Sapphire Extra Care Limited, a company in which Eric Wright Group Limited has an interest. Eric Wright Group Limited has a 25% shareholding in the company. Goods and services totalling £nil (2016: £10,509,000) were supplied to Sapphire Extra Care Limited in the year. An amount of £nil (2016: £nil) was owed by Sapphire Extra Care Limited as at 31 December 2017.

The company has taken advantage of the exemption conferred by section 33.1A of FRS 102 allowing it not to disclose transactions and balances with other wholly owned subsidiaries of Henmead Limited.

ERIC WRIGHT CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Controlling party

The company is a subsidiary undertaking of Eric Wright Group Limited. The ultimate controlling party is the Eric Wright Trust.

The largest group in which the results of the company are consolidated is that headed by the Eric Wright Trust, Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW. The smallest group in which they are consolidated is that headed by Eric Wright Group Limited, Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW. The consolidated financial statements of the Eric Wright Trust are available to the public and may be obtained from the Charity Commission: <https://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx>. The consolidated financial statements of the Eric Wright Group Limited may be obtained from Companies House, Crown Way, Cardiff.