

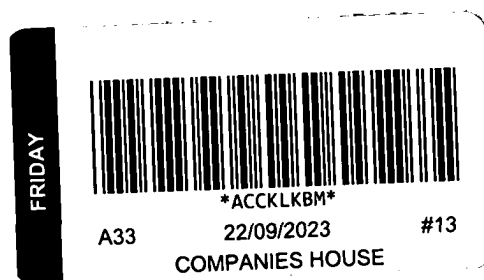
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**ERIC WRIGHT FM LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



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**ERIC WRIGHT FM LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	JP Hartley J Cripps GD Lilley AP Hird (resigned 1 April 2022)
<b>Company secretary</b>	M Kumar
<b>Registered number</b>	04540287
<b>Registered office</b>	Sceptre House Sceptre Way Bamber Bridge Preston PR5 6AW
<b>Independent auditor</b>	RSM UK Audit LLP, Statutory Auditor Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

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**ERIC WRIGHT FM LIMITED**

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## ERIC WRIGHT FM LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

The results for the year and financial position of the Company are as shown in the financial statements on pages 11 and 12.

#### **Business review**

The business is now entirely focussed on providing Facilities Management ("FM") services to include Soft FM, Hard FM and lifecycle works. The separation of the Concessions contracts (Local Improvement Finance Trusts "LIFT", Private Finance Initiatives "PFI" and Building Schools for the Future "BSF") from our Commercial FM contracts has enabled improved operational focus on the latter, resulting in contract growth.

Business trading was in-line with expectations during the year. Building Consultancy was divested to Eric Wright Partnerships Limited, a fellow Group company during the year as planned.

Our core business strategy remains the creation of customer advocates through the delivery of exceptional customer service from our people. Employee engagement is prioritised within the business; during 2022 we delivered a series of full day roadshows to over 70% of our employees. We also made exceptional payments to help our people through a very difficult year.

Customer advocacy was also at the forefront of our mind when taking the decision to replace our computer-aided facilities management (CAFM) platform. This is a strategic project which will require careful planning and execution during 2023.

#### **Market sector**

The Company is primarily active in the following sectors:

- Health
- Higher Education
- Extra Care Homes

In geographical terms, the business operations are focussed in the North West and North Midlands. The central helpdesk is based at the Head office in Preston.

#### **Competition**

The Company experiences different types of competition depending upon the sector and the basis of an opportunity. Schemes bid with Eric Wright Group tend to attract some of the larger national FM companies as a result of the size of the contracts, whilst commercial tender opportunities tend to attract both regional and national FM companies.

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## **ERIC WRIGHT FM LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Principal risks and uncertainties**

The company continues to be heavily reliant on the concessions business unit (PFI, BSF and LIFT). Key risks include unforeseen costs in the repair and maintenance of an ageing property portfolio and actual cost rising above the contractually agreed indices.

Contract deductions are a risk that is closely monitored and mitigated through exceptional service delivery. Control of costs remains a key focus, particularly for long-term contracts.

Opportunities for further PFI / LIFT contracts are limited. Our future growth strategy is being defined following the divestment of Building Consultancy.

The company is monitoring all risks arising from the situation in Ukraine and the economy in general.

The business has no significant exposure in relation to interest or credit risk.

#### **Performance and development during the year**

Turnover was £23.7m (2021: £20.8m), profit before tax £0.92m (2021: £0.85m). The turnover increase is principally driven by the level of life cycle work performed year on year. The reduction in margin year on year is due to a rise in direct costs associated with meeting contractual obligations and overheads to enhance the customer experience and position the company to effectively manage its risks going forward.

The balance sheet remains strong year on year and working capital management and cash flow continue to be a key focus for the business.

#### **Target and key performance indicators**

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

- Health and safety incidents and trends
- Minimisation of WIP and Aged debt to maximise positive cash flow
- Gross profit percentage at contract level
- Achievement against customer Service Level Agreements

In addition to the above KPIs the Company has set a range of specific targets for each of the business streams for 2023 contained within the annual Business Plans. Progress against these is monitored monthly.

#### **Outlook**

Looking forward into 2023, the Company will continue to manage commercial risk associated with the LIFT/PFI portfolio whilst focussing on managing the operational risk associated with the replacement of our CAFM platform.

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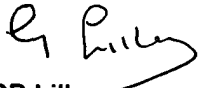
**ERIC WRIGHT FM LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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This report was approved by the board on 30 June 2023 and signed on its behalf.



**GD Lilley**  
Director

Sceptre House  
Sceptre Way  
Bamber Bridge  
Preston  
PR5 6AW

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## ERIC WRIGHT FM LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### Principal activity

The principal activity of the company in the year under review was that of facilities management (FM). This includes a full range of hard and soft FM services, and these are tailored to meet the requirements of the client. Hard FM services include planned preventative maintenance, reactive maintenance, life cycle management, professional surveying services, energy procurement/management and grounds maintenance. Soft FM services predominantly include cleaning, catering and security.

#### Business review

The results for the year and financial position of the company are shown in the financial statements on pages 11 and 12.

The directors have reviewed the future trading forecasts and cashflow forecast factoring in the settlement of liabilities and have assessed the company will have sufficient available funds to meet all liabilities as they fall due. On this basis the directors continue to adopt the going concern basis in the preparation of the accounts as documented in note 1.

The information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414 (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

#### Results and dividends

The profit for the year, after taxation, amounted to £877,795 (2021 - £811,843).

Dividends of £700,000 have been declared, approved and paid for the year ended 31 December 2022 (2021: £700,000).

#### Directors

The directors who served during the year and up to the date of this report were:

JP Hartley  
J Cripps  
GD Lilley  
AP Hird (resigned 1 April 2022)

#### 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.

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**ERIC WRIGHT FM LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**AUDITOR**

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 30 June 2023 and signed on its behalf.



**GD Lilley**  
Director

Sceptre House  
Sceptre Way  
Bamber Bridge  
Preston  
PR5 6AW



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**ERIC WRIGHT FM LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 to 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.

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## ERIC WRIGHT FM LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIC WRIGHT FM LIMITED

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#### Opinion

We have audited the financial statements of Eric Wright FM Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## ERIC WRIGHT FM LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIC WRIGHT FM LIMITED (CONTINUED)

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#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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## ERIC WRIGHT FM LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIC WRIGHT FM LIMITED (CONTINUED)

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#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

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## ERIC WRIGHT FM LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIC WRIGHT FM LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and industry specific accreditations, specifically ISO45001. We performed audit procedures to inquire of management and those charged with governance whether the Group and company is in compliance with these law and regulations and by reviewing any notices published by the Health and Safety Executive, discussing the resolution of those notices with management.

The audit engagement team identified the risk of management override of and the judgements and estimates made in assessing the sufficiency of life cycle provisions as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- challenging judgements and estimates applied in the assessment of sufficiency of life cycle provisions by discussing with individuals outside of the finance function, corroborating receipts and expenditure to supporting documentation and sensitising the assumptions applied by management in their future cost projections.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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.

*Ian Taylor*

Ian Taylor (Senior Statutory Auditor)

for and on behalf of  
RSM UK Audit LLP, Statutory Auditor

Bluebell House  
Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE

30 June 2023

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ERIC WRIGHT FM LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

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	Note	2022 £	2021 £
Turnover	3	23,695,913	20,806,277
Cost of sales		(20,390,408)	(17,603,625)
<b>Gross profit</b>		<b>3,305,505</b>	<b>3,202,652</b>
Administrative expenses		(2,385,618)	(2,354,040)
<b>Operating profit</b>	4	<b>919,887</b>	<b>848,612</b>
Tax on profit	8	(42,092)	(36,769)
<b>Profit for the financial year</b>		<b>877,795</b>	<b>811,843</b>
<b>Total comprehensive income for the year</b>		<b>877,795</b>	<b>811,843</b>

The notes on pages 14 to 25 form part of these financial statements.

**ERIC WRIGHT FM LIMITED**  
**REGISTERED NUMBER: 04540287**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	25,000	29,364
		<u>25,000</u>	<u>29,364</u>
<b>Current assets</b>			
Stocks	11	-	9,602
Debtors	12	3,315,377	5,230,688
Cash at bank and in hand		17,206,223	12,758,959
		<u>20,521,600</u>	<u>17,999,249</u>
Creditors: amounts falling due within one year	13	(16,780,715)	(14,440,523)
<b>Net current assets</b>		<u>3,740,885</u>	<u>3,558,726</u>
<b>Total assets less current liabilities</b>		<u>3,765,885</u>	<u>3,588,090</u>
<b>Net assets</b>		<u><u>3,765,885</u></u>	<u><u>3,588,090</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	2	2
Profit and loss account		3,765,883	3,588,088
<b>Shareholders' funds</b>		<u><u>3,765,885</u></u>	<u><u>3,588,090</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2023.



**JP Hartley**  
Director

The notes on pages 14 to 25 form part of these financial statements.

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**ERIC WRIGHT FM LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31 DECEMBER 2022**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	2	3,588,088	3,588,090
<b>Comprehensive income for the year</b>			
Profit for the year	-	877,795	877,795
<b>Total comprehensive income for the year</b>	-	877,795	877,795
<b>Contributions by and distributions to owners</b>			
Dividends (note 9)	-	(700,000)	(700,000)
<b>Total transactions with owners</b>	-	(700,000)	(700,000)
<b>At 31 December 2022</b>	<b>2</b>	<b>3,765,883</b>	<b>3,765,885</b>

**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31 DECEMBER 2021**

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	2	3,476,245	3,476,247
<b>Comprehensive income for the year</b>			
Profit for the year	-	811,843	811,843
<b>Total comprehensive income for the year</b>	-	811,843	811,843
<b>Contributions by and distributions to owners</b>			
Dividends (note 9)	-	(700,000)	(700,000)
<b>Total transactions with owners</b>	-	(700,000)	(700,000)
<b>At 31 December 2021</b>	<b>2</b>	<b>3,588,088</b>	<b>3,588,090</b>

The notes on pages 14 to 25 form part of these financial statements.



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## ERIC WRIGHT FM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

Eric Wright FM Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England and Wales. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 including provisions of the Large and Medium sized companies and Groups (Accounts and Reports) regulations 2008.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement 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 11.42, 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 2022 and these financial statements may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. The company is a qualifying entity.

##### 1.3 Going concern

Management have reviewed the future trading forecasts and cashflow forecast factoring in the liabilities as they fall due, and have assessed the company will have sufficient available funds to meet its requirements. On this basis management continue to adopt the going concern basis in the preparation of the accounts.

##### 1.4 Turnover

Turnover represents income earned from facilities management services provided during the year, exclusive of VAT.

##### 1.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. Accounting policies (continued)**

**1.6 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.

**1.7 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.

**1.8 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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## ERIC WRIGHT FM LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. Accounting policies (continued)

##### 1.8 Tangible fixed assets (continued)

Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Depreciation is provided on the following basis:

Plant and machinery	-	14% on cost
Fixtures and fittings	-	20% on cost

##### 1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 1.10 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.

##### 1.11 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.

##### 1.12 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 at an annual general meeting.

#### 2. Judgements 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 judgements and estimates have been made include:

On a number of properties managed by the company, lifecycle funds are held in other creditors in relation to estimates of the expenditure that will be required to be incurred in maintaining the building fabric over the life of the contract. The projected lifecycle funds are assessed periodically to ensure that they will be sufficient over the life time of the contract.

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ERIC WRIGHT FM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**3. Turnover**

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

	2022 £	2021 £
Facility management charges	<u>23,695,913</u>	<u>20,806,277</u>

All turnover arose within the United Kingdom.

**4. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	14,376	10,981
Defined contribution pension cost	489,710	485,159
Operating lease payments recognised as an expense	<u>148,464</u>	<u>120,966</u>

**5. Auditor's remuneration**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>15,000</u>	<u>9,000</u>

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**ERIC WRIGHT FM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**6. Employees**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>4,820,690</b>	<b>4,032,082</b>
Social security costs	<b>458,838</b>	<b>378,815</b>
Cost of defined contribution scheme	<b>489,710</b>	<b>485,159</b>
	<b>5,769,238</b>	<b>4,896,056</b>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Administration	<b>59</b>	<b>42</b>
Direct Labour	<b>176</b>	<b>125</b>
	<b>235</b>	<b>167</b>

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**ERIC WRIGHT FM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>286,035</b>	339,177
Directors pension costs	<b>67,790</b>	67,790
	<b><u>353,825</u></b>	<b><u>406,967</u></b>

During the year retirement benefits were accruing to 2 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £129,113 (2021 - £139,363).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,828 (2021 - £30,828).

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 (2021: £10,000). No recharge for these services is recognised in the financial statements.

**8. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>38,000</b>	38,000
<b>Total current tax</b>	<b><u>38,000</u></b>	<b><u>38,000</u></b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>3,058</b>	(5,890)
Effect of tax rate change on opening balances	<b>966</b>	(3,128)
Adjustment in respect of prior periods	<b>68</b>	7,787
<b>Total deferred tax</b>	<b><u>4,092</u></b>	<b><u>(1,231)</u></b>
<b>Taxation on profit</b>	<b><u>42,092</u></b>	<b><u>36,769</u></b>

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ERIC WRIGHT FM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	919,887	848,612
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	174,779	161,236
Effects of:		
Expenses not deductible for tax purposes	991	57
Fixed asset differences	(693)	(1,443)
Impact of change in deferred tax rates and difference between current and deferred tax rates	966	(4,542)
Group relief claimed	(134,019)	(126,326)
Adjustment in respect of prior period - Deferred tax	68	7,787
Total tax charge for the year	42,092	36,769

Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). The Finance Act 2021 which was substantively enacted on 24 May 2021 created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023. Deferred tax has been calculated at 25% which is the rate that the deferred tax assets are expected to crystallise.

9. Dividends

	2022 £	2021 £
Dividends paid	700,000	700,000

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**ERIC WRIGHT FM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Tangible fixed assets**

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2022	144,592	142,383	286,975
Additions	-	12,155	12,155
Disposals	-	(50,398)	(50,398)
At 31 December 2022	<u>144,592</u>	<u>104,140</u>	<u>248,732</u>
<b>Depreciation</b>			
At 1 January 2022	128,584	129,027	257,611
Charge for the year on owned assets	5,959	8,417	14,376
Disposals	-	(48,255)	(48,255)
At 31 December 2022	<u>134,543</u>	<u>89,189</u>	<u>223,732</u>
<b>Net book value</b>			
At 31 December 2022	<u>10,049</u>	<u>14,951</u>	<u>25,000</u>
At 31 December 2021	<u>16,008</u>	<u>13,356</u>	<u>29,364</u>

**11. Stocks**

	2022 £	2021 £
Raw materials and consumables	<u>-</u>	<u>9,602</u>



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ERIC WRIGHT FM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**12. Debtors**

	2022 £	2021 £
Trade debtors	1,583,564	3,029,275
Amounts owed by group undertakings	707,264	3,243
Other debtors	440,592	1,264,491
Prepayments and accrued income	569,124	914,754
Deferred taxation (see note 14)	14,833	18,925
	<u>3,315,377</u>	<u>5,230,688</u>

Amounts owed by group undertakings are interest free and are repayable on demand.

**13. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Trade creditors	367,892	459,998
Amounts owed to group undertakings	142,842	605,655
Other taxation and social security	1,013,752	206,827
Other creditors	14,145,871	11,439,308
Accruals and deferred income	1,110,358	1,728,735
	<u>16,780,715</u>	<u>14,440,523</u>

Amounts owed to group undertakings are interest free and are repayable on demand.

Other creditors includes life cycle funds received in advance of works being completed. Whilst the contracts run for periods of greater than one year, such funds are recorded as current liabilities on the basis that there is no contractual right to defer for a period of greater than 12 months.

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ERIC WRIGHT FM LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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14. Deferred taxation

	2022 £
Deferred tax asset at 1 January 2022	18,925
Charged to the profit or loss	(4,092)
<b>Deferred tax asset at 31 December 2022</b>	<b>14,833</b>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Differences between capital allowances and depreciation	5,943	7,879
Short term timing differences	8,890	11,046
	<b>14,833</b>	<b>18,925</b>

15. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1.00 each	2	2

16. Contingent liabilities

The company has given an unlimited cross guarantee against the bank borrowings of Eric Wright Group Limited and all other group companies in relation to the Group's RBS revolving credit facility of which £15m was drawn at year end. This is supported by a first legal charge over certain group assets.

17. 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 £489,710 (2021: £485,159) and the amount due to the scheme at the year end is £41,110 (2021: £48,416).

# ERIC WRIGHT FM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 18. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Less than one year	145,107	160,853
Between one and five years	211,281	273,291
	<u>356,388</u>	<u>434,144</u>

### 19. Related party transactions

During the year, the company provided hard facilities management services to the following companies in which Eric Wright Group Limited, the company's parent company, had an interest. Eric Wright Group Limited has a 60% shareholding in each of the following companies, unless otherwise stated. Positive balances outstanding represent debtors owed to Eric Wright FM Limited.

	Services Provided 2022 £	Balance outstanding 2022 £	Services Provided 2021 £	Balance outstanding 2021 £
Brahm Fundco 1 Limited	744,744	-	666,857	-
Brahm Fundco 2 Limited	585,070	85,805	527,705	7,874
Bolton Fundco 1 Limited	377,789	-	340,007	300
Inhoco 2952 Limited	920,426	-	910,668	-
Pinco 2223 Limited	625,032	-	634,140	-
Rossendale Lift Limited	437,697	9,817	411,017	38,148
Pimco 2297 Limited	72,833	-	79,793	-
Pimco 2451 Limited	683,867	-	479,227	-
Pinco 2033 Limited	514,544	-	483,180	-
Pinco 2206 Limited	307,873	-	289,104	600
Pimco 2401 Limited	157,436	-	147,838	300
Pacific Shelf 888 Limited	38,080	40,278	35,757	14,869
Pemberton Care Limited	118,082	-	111,289	22,184
Leigh Fundco Limited	290,949	-	273,124	-
Highfield PFI SPV Limited	736,481	-	511,970	-
Blackburn Fundo Limited	448,182	-	421,764	300
	<u>7,059,085</u>	<u>135,900</u>	<u>6,323,440</u>	<u>84,575</u>

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.

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**ERIC WRIGHT FM LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**20. Controlling party**

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

The largest group in which the results of the company are consolidated is that headed by the Eric Wright Charitable 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 Charitable 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 Eric Wright Group Limited may be obtained from Companies House, Crown Way, Cardiff.