

Registered number: 2565379

ERIC WRIGHT CIVIL ENGINEERING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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ERIC WRIGHT CIVIL ENGINEERING LIMITED

COMPANY INFORMATION

Directors	RE Wright JP Hartley ED Bourne AJ Taylor (resigned 17 October 2016) CW Kippax G Hulme (appointed 1 November 2016) KS Taylor (resigned 1 January 2016) JF Carter (resigned 1 January 2016) S Pygott (resigned 1 January 2016) ND Whittle (resigned 1 January 2016)
Company secretary	M Kumar
Registered number	2565379
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 CIVIL ENGINEERING LIMITED

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ERIC WRIGHT CIVIL ENGINEERING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Enhanced Business review

The results for the year and financial position of the Company ("EWCE") are as shown in the financial statements.

Throughout 2016 the business has continued to build on its reputation for working closely with our clients to meet their objectives in a true partnership arrangement. Our clients include national and statutory bodies such as United Utilities, BAE, Highways England, Local Authorities and a number of private clients and developers.

The management team have continued to review its processes for identification and management of both risk and opportunity to provide a stronger and stable foundation for the business going forward.

We have continued to invest in our accreditations and industry memberships. We believe that these provide independent verification of our professional management systems and continuous improvement objectives and achievements.

EWCE is an active member of the Civil Engineering Contractors Association; the Company is also an approved Construction online contractor and registered with Achilles Linkup for Rail work. In respect of the Rail sector, EWCE hold a Full Principal Contractors Licence allowing EWCE to undertake works directly for Network Rail. EWCE are also accredited to NICEIC, Achilles Utility Vendor Database, Link-Up, Verify and the Contractors Health and Safety Scheme.

Principal risks and uncertainties

The Infrastructure business unit continues to operate in a very competitive market particularly with public sector clients who continue to be affected by public sector austerity resulting in low margins.

Rail is a potential growth area for the company although the number of work opportunities direct for network rail, due to their funding issues, has been disappointing, this is not expected to change significantly until the next control period CP6 which will operate between 2019 - 2024. Therefore to support the business we have developed relationships with key Tier 1 rail contractors and worked on some key projects as a supply chain partner.

Performance and development during the year

Workload trends continued to improve, most noticeably in the infrastructure business unit whilst margins and profitability remain challenging. The trend of improved opportunities and work winning has continued strongly into 2016. The work stream also delivers the same capabilities to our rail clients with specialist safety critical roles now in place and a significant number of employees qualified to work on the rail infrastructure.

The Company's ongoing operations showed a slight decrease in the year with a turnover of £39.8m (2015: £41.7m) and loss before tax of £252,671 (2015: profit of £13,165). Commercially 2016 has again been a difficult trading year; margins in infrastructure have been low and competition high. The results are within the Boards projections and targets for the year and reflect the extremely difficult market conditions.

The management of the Company will continue to take a strategic approach to risk whilst trading through the current difficult times and not chase work volume at the expense of financial stability. The strengthening of operations in specialist market sectors, as noted earlier in this review, will reduce the impact from any public spending cuts.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Performance and development during the year (continued)

The Company's long term objective is to achieve a positive net return for both its Infrastructure and Rail elements of the business. The business performance is reviewed in the context of the increasingly difficult competitive market we operate in. With the current order book, a small loss for 2017 is projected. The target is monitored on a monthly basis to take into account contract performance, delayed awards and outstanding turnover.

The monitoring and review process is part of a wider management accounting procedure which also addresses overhead expenditure, resource allocation and commercial opportunities. Cash collection also remains a key focus for management with regular reports circulated and actions taken to address outstanding amounts. Of similar importance is the cash flow down to our supply chain as we need to support their stability in order that they remain in the market and continue to provide quality service to the company. Failure of key supply chain members is an on-going risk in the current climate.

Financial key performance indicators

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

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

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

Position at the end of the year

EWCE workload projection for 2017 is in the order of £40m, although management are committed to secure these levels of work, focus will remain on ensuring that levels of risk inherent in each opportunity are properly identified and managed.

This report was approved by the board on

30th June 2017

and signed on its behalf by


JP Hartley
Director

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year, after taxation, amounted to £256,265 (2015 - profit £18,638).

No dividends were distributed for the year ended 31 December 2016 (2015: £NIL)

Directors

The Directors who served during the year were:

RE Wright
JP Hartley
ED Bourne
AJ Taylor (resigned 17 October 2016)
CW Kippax
G Hulme (appointed 1 November 2016)
KS Taylor (resigned 1 January 2016)
JF Carter (resigned 1 January 2016)
S Pygott (resigned 1 January 2016)
ND Whittle (resigned 1 January 2016)

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.

AUDITOR

The auditor, KPMG LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 30th June 2017 and signed on its behalf by



JP Hartley
Director

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 the Directors have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

ERIC WRIGHT CIVIL ENGINEERING LIMITED

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

We have audited the financial statements of Eric Wright Civil Engineering Limited for the year ended 31 December 2016, set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

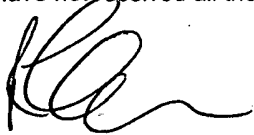
ERIC WRIGHT CIVIL ENGINEERING LIMITED

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Evans (Senior statutory auditor)

**for and on behalf of
KPMG LLP, Statutory Auditor**

1, St Peter's Square
Manchester
M2 3AE

Date: 30 June 2017

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	39,783,081	41,742,253
Cost of sales		(38,891,917)	(39,561,618)
Gross profit		891,164	2,180,635
Administrative expenses		(1,145,875)	(2,170,741)
Operating (loss)/profit		(254,711)	9,894
Interest receivable and similar income	7	2,040	3,271
(Loss)/profit before tax		(252,671)	13,165
Tax on (loss)/profit	8	(3,594)	5,473
(Loss)/profit for the year		(256,265)	18,638
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(256,265)	18,638

The notes on pages 10 to 20 form part of these financial statements.

ERIC WRIGHT CIVIL ENGINEERING LIMITED
REGISTERED NUMBER: 2565379

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	26,792	56,302
Investments	10	2,179,202	2,179,202
		<u>2,205,994</u>	<u>2,235,504</u>
Current assets			
Debtors: amounts falling due after more than one year	11	-	26,625
Debtors: amounts falling due within one year	11	12,562,934	8,162,678
Cash at bank and in hand	12	346	1,666
		<u>12,563,280</u>	<u>8,190,969</u>
Creditors: amounts falling due within one year	13	(12,898,320)	(8,300,772)
Net current liabilities		<u>(335,040)</u>	<u>(109,803)</u>
Total assets less current liabilities		<u>1,870,954</u>	<u>2,125,701</u>
Provisions for liabilities			
Deferred tax		(1,518)	-
		<u>(1,518)</u>	<u>-</u>
Net assets		<u>1,869,436</u>	<u>2,125,701</u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account		1,868,436	2,124,701
Shareholders' funds		<u>1,869,436</u>	<u>2,125,701</u>

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



JP Hartley

Director

30th June 2017.

The notes on pages 10 to 20 form part of these financial statements.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1,000	2,124,701	2,125,701
Comprehensive income for the year			
Loss for the year	-	(256,265)	(256,265)
Total comprehensive income for the year	-	(256,265)	(256,265)
At 31 December 2016	1,000	1,868,436	1,869,436

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1,000	2,106,063	2,107,063
Comprehensive income for the year			
Profit for the year	-	18,638	18,638
Total comprehensive income for the year	-	18,638	18,638
At 31 December 2015	1,000	2,124,701	2,125,701

The notes on pages 10 to 20 form part of these financial statements.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Eric Wright Civil Engineering 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 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 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Henmead Limited as at 31 December 2016 and these financial statements may be obtained from Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ. The company is a qualifying entity.

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

1.3 Going concern

At 31 December 2016 Eric Wright Civil Engineering Limited ("the company") had net current liabilities of £335,040 (2015 - £109,803).

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.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.4 Revenue

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

1.5 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.

1.6 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20% on reducing balance
Motor vehicles	-	25% on reducing balance
Fixtures and fittings	-	20% on reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. Accounting policies (continued)**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 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.

1.11 Interest income

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

1.12 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

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 change 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.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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.

Investments held within a subsidiary company have been stated at cost, based on trading projections this is less than the expected discounted cashflows to be generated by the subsidiary.

3. Turnover

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

	2016 £	2015 £
Building and construction services	<u>39,783,081</u>	<u>41,742,253</u>

All turnover arose within the United Kingdom.

4. Expenses and Auditor's Remuneration

Included in profit/loss are the following:

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	<u>5,700</u>	<u>5,700</u>

Fees in relation to other services and taxation are borne by Eric Wright Group Limited.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Employees

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

	2016 £	2015 £
Wages and salaries	2,015,886	3,944,552
Social security costs	181,499	435,705
Cost of defined contribution scheme	132,103	331,780
	<u>2,329,488</u>	<u>4,712,037</u>

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

	2016 No.	2015 No.
Administration	48	50
Construction	21	26
	<u>69</u>	<u>76</u>

6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	262,291	423,287
Company contributions to defined contribution pension schemes	53,304	69,745
	<u>315,595</u>	<u>493,032</u>

During the year retirement benefits were accruing to 5 Directors (2015 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £74,543 (2015 - £98,795).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12,163 (2015 - £15,507).

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Interest receivable

	2016 £	2015 £
Other interest receivable	2,040	3,271

8. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	1,504	34
Total current tax	1,504	34
Deferred tax		
Origination and reversal of timing differences	2,058	(4,977)
Change in tax rate	32	(490)
Prior year adjustments	-	(40)
Total deferred tax charge/(credit)	2,090	(5,507)
Taxation on (loss)/profit on ordinary activities	3,594	(5,473)

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Taxation (continued)**FACTORS AFFECTING TAX (CREDIT)/CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(252,671)</u>	<u>13,165</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(50,534)	2,666
Effects of:		
Expenses not deductible for tax purposes	304	101
Adjustments to tax charge in respect of prior periods	1,505	(40)
Group relief surrendered	52,651	1,695
Impact of change in deferred tax rates and difference between current and deferred tax rates	(332)	(9,895)
Total tax charge/(credit) for the year	<u>3,594</u>	<u>(5,473)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2016	43,590	40,988	105,396	189,974
Additions	-	-	7,025	7,025
Disposals	(5,204)	(20,413)	(17,864)	(43,481)
At 31 December 2016	38,386	20,575	94,557	153,518
Depreciation				
At 1 January 2016	36,535	15,824	81,313	133,672
Charge for period on owned assets	1,209	4,291	7,614	13,114
Disposals	(4,934)	(8,068)	(7,058)	(20,060)
At 31 December 2016	32,810	12,047	81,869	126,726
Net book value				
At 31 December 2016	5,576	8,528	12,688	26,792
At 31 December 2015	7,055	25,164	24,083	56,302

10. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2016 and 31 December 2016	2,179,202

ERIC WRIGHT CIVIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of Incorporation	Class of shares	Holding	Principal activity
Eric Wright Water Limited	England and Wales	Ordinary	100 %	Electrical and mechanical engineering

11. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts due from group companies	-	26,625
	<u> </u>	<u> </u>
	2016 £	2015 £
Due within one year		
Trade debtors	3,408,730	2,090,034
Amounts owed by group undertakings	3,418,073	961,657
Other debtors	337,140	193,705
Prepayments and accrued income	35,231	66,718
Amounts recoverable on long term contracts	5,363,760	4,849,992
Deferred taxation (see note 15)	-	572
	<u>12,562,934</u>	<u>8,162,678</u>

12. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	346	1,666
Bank overdrafts	(1,975,637)	(1,376,336)

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	1,975,637	1,376,336
Payments received on account	499,405	661,810
Trade creditors	6,372,999	5,279,389
Amounts owed to group undertakings	3,730,044	653,043
Taxation and social security	195,787	195,142
Other creditors	11,251	28,856
Accruals and deferred income	113,197	106,196
	<u>12,898,320</u>	<u>8,300,772</u>

14. Deferred taxation

	Deferred tax asset/ (liability) £
At 1 January 2016	572
Charged to the profit or loss	(2,090)
At 31 December 2016	<u>(1,518)</u>

The deferred taxation (liability)/asset balance is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(3,256)	(6,863)
Short term timing differences	1,738	7,435
	<u>(1,518)</u>	<u>572</u>

ERIC WRIGHT CIVIL ENGINEERING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

16. 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 £132,103 (2015 - £331,780) and the amount due to the scheme at the year end is £10,220 (2015 - £27,228).

17. Related party transactions

The company has taken advantage of the exemption conferred by section 33.1A of FRS102 allowing it not to disclose transactions and balances with other wholly owned subsidiaries of Henmead Limited.

18. Controlling party

The company is a subsidiary undertaking of Henmead 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 Henmead 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://www.gov.uk/government/organisations/charity-commission>. The consolidated financial statements of Henmead Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff.