

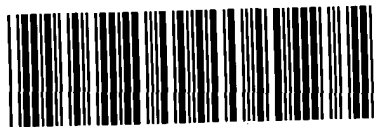
Registered number: 2565379

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

WEDNESDAY



\*A7F9SUVVC\*

A06

26/09/2018

#322

COMPANIES HOUSE

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	RE Wright JP Hartley ED Bourne CW Kippax G Hulme
<b>Company secretary</b>	M Kumar
<b>Registered number</b>	2565379
<b>Registered office</b>	Sceptre House Sceptre Way Bamber Bridge Preston PR5 6AW
<b>Independent auditor</b>	KPMG LLP, Statutory Auditor 1, St Peter's Square Manchester M2 3AE

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

**CONTENTS**

	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3
<b>Directors' responsibilities statement</b>	4
<b>Independent auditor's report</b>	5 - 7
<b>Statement of comprehensive income</b>	8
<b>Balance sheet</b>	9
<b>Statement of changes in equity</b>	10
<b>Notes to the financial statements</b>	11 - 22

---

---

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

---

---

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

---

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

**Enhanced Business review**

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

Throughout 2017 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, Network Rail, 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.

**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 developed relationships with key Tier 1 rail contractors and worked on some key projects as a supply chain partner. Negatively this meant we had some exposure to Carillion's liquidation which has had a detrimental effect to our annual result

**Performance and development during the year**

Whilst workload trends continued to improve, the board took the decision in Q2, that in order to meet our longer term growth objectives and returns for infrastructure we would target larger key projects, which in turn resulted in a short term reduction in infrastructure turnover for 2017 as projects took longer to secure and commence. We have been successful in this strategy which we believe will result in a 70% increase in infrastructure turnover from 2017 to 2018. That said overall turnover still increased from 2016 as we continue to deliver our United Utilities contracts. Going forward all water related projects will be delivered through Eric Wright Water Limited so we expect a managed reduction in turnover for EWCE as we migrate these contracts.

Within the business unit margins and profitability continue to remain challenging. The trend of improved opportunities and work winning continues strongly into 2018. 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. Due to the limited work opportunities direct for Network Rail we committed to schemes with Key Tier one contractors such as Carillion. Their liquidation in January 2018 has resulted in non recoverable losses affecting the Company's overall performance.

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

**Performance and development during the year (continued)**

The Company's ongoing operations showed an increase in the year with a turnover of £46.2m (2016: £39.8m) and loss before tax of £595,912 (2016: loss of £252,671). Commercially 2017 has again been a difficult trading year; margins in infrastructure have been low and competition high. With the exception of the losses due to Carillion's demise 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.

The Company's long term objective is to achieve a positive net return for both its Infrastructure /Rail business. The Infrastructure/Rail 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 2018 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 for both businesses 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.

**Targets and 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 2018 is in the order of £56m, 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 28 June 2018 and signed on its behalf.

  
ED Bourne  
Director

**ERIC WRIGHT CIVIL ENGINEERING 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 activities of the Company in the year under review were that of building, civil engineering and mechanical & electrical (to the water industry) contracting.

**Results and dividends**

The loss for the year, after taxation, amounted to £594,355 (2016 - loss £256,265).

No dividends were distributed for the year ended 31 December 2017 (2016: £NIL)

**Directors**

The Directors who served during the year were:

RE Wright  
JP Hartley  
ED Bourne  
CW Kippax  
G Hulme

**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 28 June 2018 and signed on its behalf.

*E Diane Bourne*

ED Bourne  
Director

**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 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 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 to 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 CIVIL ENGINEERING LIMITED**

---

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

---

**Opinion**

We have audited the financial statements of Eric Wright Civil Engineering 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 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 CIVIL ENGINEERING LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIC WRIGHT CIVIL ENGINEERING 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 4, 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 CIVIL ENGINEERING LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIC WRIGHT CIVIL ENGINEERING 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](http://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 CIVIL ENGINEERING LIMITED**

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

	Note	2017 £	2016 £
<b>Turnover</b>	3	<b>46,211,619</b>	<b>39,783,081</b>
<b>Cost of sales</b>		<b>(45,575,703)</b>	<b>(38,891,917)</b>
<b>Gross profit</b>		<b>635,916</b>	<b>891,164</b>
<b>Administrative expenses</b>		<b>(1,232,548)</b>	<b>(1,145,875)</b>
<b>Operating loss</b>	4	<b>(596,632)</b>	<b>(254,711)</b>
<b>Interest receivable and similar income</b>	7	<b>720</b>	<b>2,040</b>
<b>Loss before tax</b>		<b>(595,912)</b>	<b>(252,671)</b>
<b>Tax on loss</b>	8	<b>1,557</b>	<b>(3,594)</b>
<b>Loss for the financial year</b>		<b>(594,355)</b>	<b>(256,265)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(594,355)</b>	<b>(256,265)</b>

The notes on pages 11 to 22 form part of these financial statements.

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**  
**REGISTERED NUMBER: 2565379**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	9	16,201	26,792
Investments	10	2,179,202	2,179,202
		2,195,403	2,205,994
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	10,828,651	12,562,934
Cash at bank and in hand		1,760	346
		10,830,411	12,563,280
Creditors: amounts falling due within one year	12	(11,750,733)	(12,898,320)
<b>Net current liabilities</b>		<b>(920,322)</b>	<b>(335,040)</b>
<b>Total assets less current liabilities</b>		<b>1,275,081</b>	<b>1,870,954</b>
<b>Provisions for liabilities</b>			
Deferred tax	13	-	(1,518)
		-	(1,518)
<b>Net assets</b>		<b>1,275,081</b>	<b>1,869,436</b>
<b>Capital and reserves</b>			
Called up share capital	14	1,000	1,000
Profit and loss account		1,274,081	1,868,436
<b>Shareholders' funds</b>		<b>1,275,081</b>	<b>1,869,436</b>

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

*E Diane Bourne*

**ED Bourne**  
Director

The notes on pages 11 to 22 form part of these financial statements.

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1,000	1,868,436	1,869,436
Comprehensive income for the year			
Loss for the year	-	(594,355)	(594,355)
Total comprehensive loss for the year	-	(594,355)	(594,355)
At 31 December 2017	1,000	1,274,081	1,275,081

**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 loss for the year	-	(256,265)	(256,265)
At 31 December 2016	1,000	1,868,436	1,869,436

The notes on pages 11 to 22 form part of these financial statements.

---

---

**ERIC WRIGHT CIVIL ENGINEERING 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 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 11.41(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 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.

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

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

**1. Accounting policies (continued)**

**1.3 Going concern**

At 31 December 2017 Eric Wright Civil Engineering Limited ("the company") had net current liabilities of £920,322 (2016 - £335,040).

The directors have received confirmation from the intermediate 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**

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.

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

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

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.

**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.



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

**1. Accounting policies (continued)**

**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 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 CIVIL ENGINEERING 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 £
Building and construction services	<u>46,211,619</u>	<u>39,783,081</u>

All turnover arose within the United Kingdom.

**4. Expenses and Auditor's Remuneration**

Included in the operating loss are the following:

	2017 £	2016 £
Depreciation of tangible fixed assets	11,365	13,114
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,885	5,700
Defined contribution pension cost	<u>122,317</u>	<u>132,103</u>

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

**5. Employees**

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

	2017 £	2016 £
Wages and salaries	1,646,574	2,015,886
Social security costs	180,738	181,499
Cost of defined contribution scheme	<u>122,317</u>	<u>132,103</u>
	<u>1,949,629</u>	<u>2,329,488</u>

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

	2017 No.	2016 No.
Administration	29	48
Construction	12	21
	<u>41</u>	<u>69</u>

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

**6. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	276,008	262,291
Directors pension costs	46,730	53,304
	<u>322,738</u>	<u>315,595</u>

During the year retirement benefits were accruing to 3 Directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £95,175 (2016 - £74,543).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £14,236 (2016 - £12,163).

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

**7. Interest receivable**

	2017 £	2016 £
Other interest receivable	<u>720</u>	<u>2,040</u>

**8. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	1,504
Adjustments in respect of previous periods	722	-
	<u>722</u>	<u>1,504</u>
<b>Total current tax</b>	<u>722</u>	<u>1,504</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,446)	2,058
Changes to tax rates	-	32
Adjustments in respect of prior years	167	-
	<u>(2,279)</u>	<u>2,090</u>
<b>Total deferred tax</b>	<u>(2,279)</u>	<u>2,090</u>
<b>Taxation on loss</b>	<u>(1,557)</u>	<u>3,594</u>

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

**8. Taxation (continued)**

**FACTORS AFFECTING TAX (CREDIT)/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>(595,912)</u>	<u>(252,671)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(114,693)	(50,534)
<b>Effects of:</b>		
Expenses not deductible for tax purposes,	924	304
Adjustments to tax charge in respect of prior periods	889	1,505
Group relief surrendered	111,001	52,651
Impact of change in deferred tax rates and difference between current and deferred tax rates	322	(332)
<b>Total tax (credit)/charge for the year</b>	<u><u>(1,557)</u></u>	<u><u>3,594</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 asset 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 asset to reverse.

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

**9. Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2017	38,386	20,575	94,557	153,518
Additions	1,809	-	1,740	3,549
Disposals	-	(5,576)	-	(5,576)
At 31 December 2017	<u>40,195</u>	<u>14,999</u>	<u>96,297</u>	<u>151,491</u>
<b>Depreciation</b>				
At 1 January 2017	32,810	12,047	81,869	126,726
Charge for the year on owned assets	1,110	3,119	7,136	11,365
Disposals	-	(2,801)	-	(2,801)
At 31 December 2017	<u>33,920</u>	<u>12,365</u>	<u>89,005</u>	<u>135,290</u>
<b>Net book value</b>				
At 31 December 2017	<u>6,275</u>	<u>2,634</u>	<u>7,292</u>	<u>16,201</u>
At 31 December 2016	<u>5,576</u>	<u>8,528</u>	<u>12,688</u>	<u>26,792</u>

**10. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2017	2,179,202
At 31 December 2017	<u>2,179,202</u>
<b>Net book value</b>	
At 31 December 2017	<u>2,179,202</u>

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

**10. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Eric Wright Water Limited	Ordinary	100 %	Electrical and Mechanical Engineering

<b>Name</b>	<b>Registered office</b>
Eric Wright Water Limited	Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW

**11. Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>2,706,571</b>	<b>3,408,730</b>
Amounts owed by group undertakings	<b>4,397,769</b>	<b>3,418,073</b>
Other debtors	<b>212,683</b>	<b>337,140</b>
Prepayments and accrued income	<b>65,679</b>	<b>35,231</b>
Amounts recoverable on long term contracts	<b>3,445,188</b>	<b>5,363,760</b>
Deferred taxation	<b>761</b>	<b>-</b>
	<b>10,828,651</b>	<b>12,562,934</b>

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

**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

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

	2017 £	2016 £
Bank overdrafts	3,527,696	1,975,637
Payments received on account	215,131	499,405
Trade creditors	3,670,320	6,372,999
Amounts owed to group undertakings	4,151,570	3,730,044
Corporation tax	722	-
Other taxation and social security	66,740	195,787
Other creditors	14,766	11,251
Accruals and deferred income	103,788	113,197
	11,750,733	12,898,320

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

**13. Deferred taxation**

	Deferred tax (liability) / asset £
At beginning of year	(1,518)
Charged to the profit or loss	2,279
<b>At end of year</b>	<b>761</b>

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

	2017 £	2016 £
Accelerated capital allowances	(1,406)	(3,256)
Short term timing differences	2,167	1,738
	761	(1,518)



**ERIC WRIGHT CIVIL ENGINEERING LIMITED**

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

**14. Share capital**

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**15. 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 £122,317 (2016 - £132,103) and the amount due to the scheme at the year end is £13,347 (2016 - £10,220).

**16. 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.

**17. 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.