

Eric Wright Group Limited

**Annual report and consolidated
financial statements**

Registered number 2841234

Year ended 31 December 2013

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Chairman's statement

Executive overview

The Group reported a profit before tax and exceptional items in 2013 of £6.8m (2012: £8.1m). Excluding the profit on sale of subsidiary, £1.65m, from the 2012 results, the prior year comparative was £6.4m.

Turnover in the year was £153m compared to £178m reported in 2012. The decrease is primarily due to 2012 including completion of a PFI school procured under the former government's BSF programme. The accounting treatment required the contract value to be recognised in full on completion creating a single credit to income which needs adjustment for comparatives.

The financial results demonstrate another strong trading year across a number of sectors which have suffered particularly badly during the downturn. Delivery of stable volumes and returns has been a priority of both management and shareholders during this period and the board is very pleased with the outcome. Across most aspects of the Group's operations, turnover performed broadly in line with the prior year and underlying returns have held steady reflecting our prudent approach to risk management and careful selection of opportunities. Behind the headline numbers, considerable work has also continued in restructuring of certain elements of our business which we see as fundamental to our future successes. Excellent progress has been made in line with our business plans, and, we are now of the opinion that all the Group's activities are extremely well placed to take advantage of a return to more positive trading conditions in both existing and new evolving markets. Certain sectors such as rail, water, health and education which remain at the core of our business are definitely seeing upturn in activity. Our business development initiatives are focused on bringing innovation, experience and expertise to assist clients in these sectors to overcome obstacles and deliver what they need to operate successfully in a very changeable environment. There are no straightforward solutions but our ethos of partnering and fostering long term relationships provides the ideal backdrop to this collaborative style of working.

We are therefore seeing growing optimism in the industry as a whole and having traded steadily through the downturn, taking opportunity to review all our operations, we ended the year looking forward to some exciting opportunities and the prospect of genuine sustainable returns from all our efforts over the last few years.

Taking each division in turn;

Construction

Turnover £101m (2012: £105m), profit before tax £0.40m (2012: £0.36m).

The construction market finally showed signs of improvement in 2013. Competition for work remained fairly intense but there was definitely evidence that pricing was becoming more realistic and that the selection process was seeing a long overdue shift towards a broader basis for evaluation based on quality, deliverability and financial stability. Stresses within the supply chain remained, as it will take time for the tendering improvements to feed the economic benefits downstream and the possible upturn in the market has caused us to consider our future tendering and pricing strategy carefully. Cost assumptions have been revised to anticipate the likely hardening of input prices and whilst this potentially causes budget issues for prospective clients, our experienced teams are well placed to assist with value engineering options and innovative solutions.

Work winning has remained very focused with opportunities only pursued following robust scrutiny around risk profile and financial return. Systems and procedures to defend against supply chain insolvency have been a key component within this risk strategy as the frequency of failure is on the increase as cashflows continue to tighten. A number of our long standing subcontractors ceased trading in the year bringing potential problems around programme delivery, but in all instances our management teams worked round solutions which mitigated the impact, thereby securing successful outcomes for our clients. Commercial procedures have proved effective and all contracts during 2013 performed at or above anticipated levels. Our average contract size also increased to £8.25m leading to efficiencies in management and overheads and the overall orderbook was more balanced and varied than in prior years.

Investment in our work-winning function resulted in contract awards for several major new clients including Lancaster University, B&M Bargains, Allied London and Development Securities all of which have a pipeline of work for 2014 and beyond. Whilst new clients are clearly important we also continue to invest time in our existing relationships such as Booths Supermarkets, Manchester Utd and Saracens Rugby Union Club where working in partnership adds value and efficiency to their capital programmes.

Chairman's Statement *(continued)*

Construction *(continued)*

Continuous improvement, with particular emphasis on health, safety and quality, remains a key component of our business plan. Audit of our ISO 9001, 14001 and 18001 accreditations led to enthusiastic praise for our systems and procedures. The receipt of several awards including LABC and National Considerate Constructors recognised our business as a leader within the industry. CSR also continues to be an influencing factor in our business with over 500 weeks of employment for apprentices provided in 2013.

We were extremely encouraged by what we saw in the market and the extensive work done by the senior management team around operational efficiency and risk management should place us very well to trade out of the downturn.

Civil Engineering

Turnover £29m (2012: £26m), profit before tax and exceptional items £0.08m (2012: £0.1m).

The Civil Engineering division continued to make good progress in 2013 although trading conditions remained difficult with margins in infrastructure remaining under pressure. In spite of the difficult climate the business reported improved turnover figures and relationships with key clients in target sectors continue to strengthen. With the exception of SEL, trading results are within the Boards projections for the year and reflect the considerable time and effort input by the new management team in re-focusing operations.

2013 saw the successful implementation of a new management structure, with greater focus on developing a multi-disciplined organisation sharing knowledge and skills across all its work sectors. The management team reviewed its processes for identification and management of both risk and opportunity to provide a stronger model for the business and we believe that excellent foundations for future growth are now in place. The directors have also continued to take a strategic approach to work winning and have not pursued activity at the expense of financial stability. Focus remains on ensuring that only an economically sustainable pipeline of work is secured and selective tendering will continue alongside robust pricing strategies that don't allow unaffordable compromises to be made. Of similar importance is the management of our supply chain where our policy is to support their stability by prompt and fair payment in order that they remain in the market and continue to provide quality service to the company.

The business has continued to build on its reputation for working closely in partnership with a number of key clients. They include national and statutory bodies such as the Highway Agency, United Utilities, Scottish Water, Severn Trent Water, BAE, Local Authorities and a number of private clients and developers. In March our water team was re-selected onto the new generation of Asset Management Support Framework for United Utilities which is a five plus five year framework.

As a subsidiary of Eric Wright Civil Engineering, Site Electrical Ltd (SEL) also saw a restructure of its operations with senior management from the Eric Wright water team being integrated into the business and to explore opportunities and deliver efficiencies from the synergies between their operations. Risk is better understood and management structures are improved, although there are still significant challenges in turning the business around. A key step towards achieving these goals was the relocation of the business from Radcliffe to Preston at the end of 2013.

Property Development

Turnover £1.8m (2012: £15.3m), loss before tax and exceptional items £0.58m (2012: £0.9m).

The Company's activities fall into two principal business streams, commercial property and residential.

Commercial property development saw no significant improvements in market conditions during the year. Lack of market confidence and continued difficulty in accessing funding remain two of the principal challenges both for businesses who are looking to expand their own operations, and developers, who are looking to progress opportunities. More innovative funding solutions are being created, but the flexibility required to support growth of smaller businesses remains elusive and public sector initiatives may play a critical part in unlocking this.

Chairman's Statement *(continued)*

Property Development *(continued)*

Despite these challenges, the team progressed some very strong opportunities in the period. At Skipton, our retail scheme was nearing completion at the year end, with a planned opening of the scheme at Easter 2014. In Blackburn, work started on The Cathedral Quarter development which comprises a hotel, an office building and extensive public realm and infrastructure works all of which are due for completion in 2015. Significant progress was also made during 2013 on the redevelopment of the Teanlowe shopping centre in Poulton-le-Fylde, jointly with Booths. Demolition is scheduled to commence in summer 2014 with the development due to complete in autumn 2015.

On the Residential side, both customer confidence and availability of mortgage finance improved stimulating further demand in the market. Whilst our levels of volume in this sector were fairly low during the year our expectations for this workstream improved substantially. We re-focused the operations into a more straightforward development business during 2013, having challenged the business model around product and location and the use of a separate construction operation. Changes were made and the potential this workstream now has to offer the Group is very encouraging. Its set of standard house types reflects the needs of the current market far better and the pipeline of sites generated by a specialist team is now located in areas with proven and sustainable demand.

Our site at Bispham, the first scheme to fall under the revised Strategy, was secured following the demise of a residential developer with a phase of 11 houses developed during 2013. A number of these units had been reserved by the year end and the remainder of the site, which will accommodate a further 24 houses, will be developed on a phased basis during 2014 and 2015.

A further site was also secured at Wesham with planning permission for a development of 24 detached houses. Development is due to commence before Easter 2014 with the site being the first to roll out our standard house types. Two further sites have been secured in line with our long-term growth plan and development of one of these will commence in autumn 2014.

Public Sector Partnerships

Our Partnerships team successfully progressed its bid for £70m of Extra Care Housing in Stoke, resulting in selection as Preferred Bidder in January 2014 and a start on site, all things being equal, by mid-year. The project saw us draw together skills from across the Group under a consortium bid alongside Kajima Partnerships and the Your Housing Group. It was an excellent example of an integrated bid expanding our activities into a new sector and establishing some great long term relationships which should generate future opportunities. 2013 was also the first year of operation for the Lancashire Regeneration Property Partnership, which has generated a large amount of activity familiarising itself with the surplus property estate of Lancashire County Council. Our belief in the future potential for this partnership remains strong.

In Blackpool, the team has continued to work, post BSF alongside the Council to provide advice for the potential development of a key commercial site owned by the Council which it is hoped will provide the partnership with a new direction. Under Healthcare we have delivered 3 capital funded NHS primary care centres in Clitheroe, Great Harwood and Colne via LIFT Partnerships and we consider that the future for LIFT now lies in developing strategic relationships with NHS organisations such as acute and mental health trusts. The health team is being enlarged to facilitate this approach.

Partnerships continues to also pursue opportunities in the Extra Care and Social Housing sectors alongside Registered Provider strategic partners. Both these sectors have long been recognised as a natural extension of the team's existing skillsets around long term partnering with both public sector and non-profit making bodies.

Chairman's Statement *(continued)*

Facilities Management

Turnover was £11.2m (2012: £10.2m) profits before tax £2.5m (2012: £2.696m).

Our FM business continued to expand its presence across the North West, increasing its portfolio of managed properties to over 120 premises and sites. Its principal workload in 2013 remained the ongoing management of healthcare and education facilities delivered under long term partnering arrangement such as LIFT and PFI, although the pipeline of work from these sources is now slowing due to political and economic changes. The Extra Care Housing PFI in Stoke may be the last FM secures under that particular procurement model. Despite these challenges, the management team successfully broadened its approach towards other sector opportunities during 2013. Diversification gathered momentum, contract wins were steady and a controlled strategy to grow the business began to take shape. Supporting this strategy the directors have continued to evolve their management systems and procedures, to establish a scalable and efficient business model which can readily deliver an increased level of turnover

The substantial operational capability also ensures that FM has the capacity to offer a range of services both to existing long term partners and new clients alike. Growth within the existing client base, utilising established resources, strong relationships and a good knowledge of existing estates remains core to the future strategy and enables the business to add genuine value through partnership working.

Property investment

Rental income £5.1m (2012: £4.9m). Portfolio value £51.9m (2012: £51.3m).

The underlying value of the portfolio improved in 2013 by some £0.6m and overall performance remains above market comparators. Whilst this increase was modest as a % of total value it represented a significant milestone for us after a number of years of steady falls in line with national and regional trends in yield shifts. Tenants remained under financial pressure but our team is definitely seeing signs of improvement in occupier demand and whilst rent levels will no doubt remain depressed, securing improved occupancy and reducing void costs is starting to significantly improve occupancy.

The Group's long term strategy around holding a substantial investment portfolio of commercial property remains a cornerstone of its balance sheet management and ultimately its financial strength. The rental income provides valuable stability to the Group's underlying cash flow and the asset values provide a strong platform against which the Group can continue to secure much of its core borrowing. The Group will continue to consider carefully selected opportunities in the investment market, recognising the long term value that stronger covenants offer and enabling the utilisation of surplus funds in a way that strengthens both the balance sheet and the cashflow.

Outlook for 2014

Across many aspects of the Group's operations, the outlook for 2014 is more positive then it has been for a number of years and there is good reason for cautious optimism.

Whilst Construction turnover is only projected to be marginally ahead of 2013, the secured order book is in excess of £93m, allowing us to manage resources with greater efficiency and the commercial terms in the more recently secured work are definitely showing signs of improvement. Tendering prices should continue to gradually improve in the market and use of more balanced selection criteria ought to become more evident. Tensions will remain in a supply chain which has suffered greatly in recent times, but our long standing approach around loyalty and fair payment terms will see us provide as much support as possible as the sector finds more stability.

Civils turns into 2014 with its restructured management team firmly established and a clear vision around growth in its key sectors of Rail and Water. On the Water side, relations with key clients such as United Utilities have continued to strengthen and new opportunities have presented themselves such as the JV with C2V which successfully secured a place on the AMP 6 Framework. On Rail, 2014 is seen by the team as the year when the commitment to establishing our presence in the sector starts to deliver returns. Number of contract wins is constantly increasing and our reputation is already resulting in repeat business from some of the major contracting businesses in the industry. General infrastructure work will remain challenging with tight margins and intense competition. In order to ensure the stable growth is protected we will need to maintain a firm focus on all aspects of operational efficiency and ensure that levels of risk in each opportunity are fully understood and commensurate with return.

Chairman's Statement *(continued)*

Outlook for 2014 *(continued)*

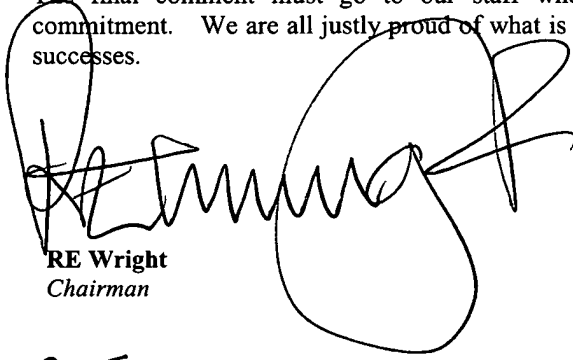
Developments should see underlying profitability return to both the commercial and residential operations in 2014. This is a significant milestone for the division and demonstrates our long held conviction that these activities remain integral to the Group's success, acting as a catalyst for activity across a number of work streams. Residential is looking particularly encouraging now we have refocused our strategy and the strengthening pipeline of site opportunities will ensure this becomes an increasingly important revenue stream for us. On commercial, the landscape is somewhat more challenging. Demand, funding and confidence still remain issues for the team and generating a programme of future schemes will not be straightforward. The more complex site assembly projects which have fitted our skill set extremely well over the years are seeing lead times becoming longer and more costly. As a business model this approach is becoming less viable and our team are now focused on augmenting them with smaller, more immediate opportunities.

Facilities Management will continue to see steady growth in 2014 with the management team increasing its focus on new markets and opportunities to expand and develop the business. It has now firmly established its market presence and extensive experience through its work on PFI and LIFT and is well placed to compete with much larger organisations in the open market as it broadens its portfolio. Core sectors will remain health, education and social housing.

Lastly, 2014 will see the financial close and start on site of our £65m Extra Care PFI project in Stoke. This project has firmly established us in the Extra Care and Social Housing sector, providing a platform for future successes.

In summary, 2014 sees genuine signs of sustainable improvement across many of our activities. Considerable time and effort has been spent reviewing every aspect of the Group's operations and we are now in a position where we are beginning to see real benefits come through. Sectors such as rail, water and health will become increasingly important to us and certain divisions, in particular FM and Residential Development, have excellent potential for growth. Opportunities need to be pursued with enthusiasm and commitment as we adapt to the evolving needs of our long standing clients and partners. This will be critical to sustaining relationships that have served us extremely well over the years and will no doubt underpin our business in the future. Our balance sheet remains strong and as a Group, we will not lose sight of the values which have served us well over the years. Emphasis will continue to be on long term stability, risk management and measured growth.

The final comment must go to our staff who have continued to demonstrate incredible loyalty and commitment. We are all justly proud of what is being achieved across the Group and look forward to future successes.



RE Wright
Chairman

30 June
2014

Sceptre House
Sceptre Way
Bamber Bridge
PRESTON
PR5 6A

Strategic report

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2013.

Enhanced business review

Principal risks and uncertainties

The economic downturn is currently a source of risk and uncertainty over and above industry or sector specific factors which have always faced the Group to varying degrees. The following aspects are notable:

- Increased likelihood of client or supply chain failure
- Low margin work where risk is disproportionate to potential returns
- Lack of funding and business confidence contributing to a degree of inertia in our markets
- Greater incidence of litigation and contractual disputes as attempts to preserve cash and margin intensify.

Internal processes have always been in place for assessing and managing the exposure within any specified opportunity, whether it is in contracting or elsewhere in the Group's portfolio of activities, such as Property Development, but in the light of the above additional measures have been implemented to ensure the business is as well protected as possible.

Bidding Risk

Both the Group's contracting and development operations bid selectively for a relatively large number of contracts each year. Tenders and investment appraisals are developed in accordance with thorough processes for estimating and risk identification and assessment. Particular attention is given to new or unique characteristics. Each project or contract is subject to formal review and approval by tender review panel or divisional Board depending on value and risk profile.

Delivery Risk

The delivery of contracts is controlled and managed through the Construction Board's operating structure. The Company's procedures embrace regular and frequent reviews with an agenda centred on health and safety performance, issues affecting delivery and any consequential impact on costs to completion and the overall estimated future outcome. This approach is underpinned by management's desire to identify any operational and commercial issues in good time so as to ensure appropriate actions can be taken to address them in the most effective way possible.

Changing Government Policies and Funding Priorities

The risk and uncertainty to our business and that of many others, from changes in government spending policy was to some extent realised following the announcement of the coalition government's austerity measures. The Groups public sector partnerships have proved extremely valuable sources of construction and FM over recent years and the political and economic decisions made have brought many to a halt. This risk was understood and anticipated by the board and we were fortunate to have a strong order book which provided a buffer during which contingency plans could be implemented. These are now proving effective in supporting the Group through a period of transition and we remain close to our public sector partners. We recognise that the need to maintain and improve estates will remain an issue which will need addressing for the foreseeable future and that the hiatus in spending will allow new and more efficient procurement mechanisms to evolve. Our decision to continue investing in supporting our partners will place us well as the public sector restructures and recovers.

Financial Risk

The Group manages its financial risk through the use of financial instruments. The risks managed include interest rate risk, liquidity/cashflow risk and credit risk.

Strategic Report (continued)

Key Performance Indicators

The Group implements a number of key performance indicators which are reviewed on a regular basis. These are listed below:

- Monthly consolidated group accounts tracking projections for turnover, gross profit, overheads and profit before tax including a commentary on significant variances to budget and prior period comparatives.
- Profit margin at various levels from group to division and down to individual contracts or development projects.
- Contract commercial reviews to highlight matters which require proactive solutions or Director involvement to mitigate risk.
- Monthly end life forecasting on all contracts with explanation of any slippage.
- Quarterly consolidated group profit and loss, balance sheet, cash flow and commentary both to comply with covenants including loan to value, gearing, interest cover and earnings, and keep lenders fully appraised on group activities.
- Monthly update of cash flow projections and borrowing capacity.

Expected future developments and position at the end of the year

These are dealt with in the Chairman's statement on pages 1 to 5.



JP Hartley
Director

Sceptre House
Sceptre Way
Bamber Bridge
PRESTON
PR5 6AW

30/04 2014

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the Company in the year under review was that of a holding Company for the Eric Wright Group of companies. The principal activities of the Group in the year under review were building, contracting, civil engineering, property development and facilities management.

Financial results

The group made a profit after tax of £4,373,000 during the year (2012: £6,120,000).

A dividend of £1,399,000 was paid during the year (2012: £4,649,000).

Directors and Directors' interests

The Directors of the Company who held office during the year were as follows:

RE Wright (Chairman)
JF Carter
JP Hartley
R Turpin
CM Evenson
J Wilson
ED Bourne
JR Saddington (resigned 30 September 2013)

None of the Directors who held office held any beneficial interest in the issued share capital of the Company as at 1 January 2013 or 31 December 2013.

The interests of the Directors and their families in the share capital of the holding Company, Henmead Limited, are shown below:

Name	Class of capital	2013	2012
RE Wright	Ordinary shares £1 each	51	51

Fixed assets

The movement in tangible fixed assets during the year is set out in note 11 to the accounts and arose out of normal expansion requirements.

Employee relations

Regular meetings are held with management teams to discuss the Group's performance. Opportunity is given at such meetings for questions regarding matters concerning the employees, particularly with reference to matters concerning health and safety.

Employment policies provide equal opportunity, irrespective of sex, religion, race or marital status. Applications by persons with disabilities are given full and fair consideration and, wherever practicable, provision is made for their special needs. The same criteria for training and promotion apply to persons with disabilities as to any other employee. If employees become disabled, every effort is made to ensure their continued employment.

Donations

Donations to UK charities amounted to £13,000 (2012: £27,000).

Directors' Report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



JP Hartley
Director

Sceptre House
Sceptre Way
Bamber Bridge
PRESTON
PR5 6AW

30/06/ 2014

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Eric Wright Group Limited

We have audited the financial statements of Eric Wright Group Limited for the year ended 31 December 2013 set out on pages 13 to 35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 10, 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 group's and of the parent company's affairs as at 31 December 2013 and of the group's profit 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 matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the members of Eric Wright Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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
Chartered Accountants
Preston

15 July 2014

Consolidated profit and loss account
for the year ended 31 December 2013

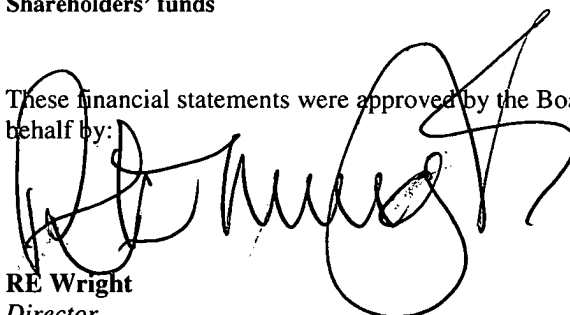
	Note	2013 Pre Exceptional £000	2013 Exceptional £000	2013 Total £000	2012 Pre Exceptional £000	2012 Exceptional £000	2012 Total £000
Turnover: Group and share of joint ventures	1,2	176,734	-	176,734	200,803	-	200,803
Less: share of joint ventures' turnover		(24,003)	-	(24,003)	(22,615)	-	(22,615)
Group turnover		152,731	-	152,731	178,188	-	178,188
Cost of sales	3	(139,949)	(300)	(140,249)	(164,907)	(1,567)	(166,474)
Gross profit		12,782	(300)	12,482	13,281	(1,567)	11,714
Administrative expenses		(13,184)	-	(13,184)	(13,420)	-	(13,420)
Termination costs	3	-	-	-	-	(1,928)	(1,928)
Other operating income	3,4	4,354	-	4,354	4,372	1,959	6,331
Group operating profit	3	3,952	(300)	3,652	4,233	(1,536)	2,697
Share of operating profit in Joint Ventures		8,121	-	8,121	7,728	-	7,728
Profit on disposal of business undertaking		124	-	124	-	-	-
Profit on disposal of subsidiary	5	-	-	-	1,652	-	1,652
Profit on ordinary activities before interest		12,197	(300)	11,897	13,613	(1,536)	12,077
Interest payable and similar charges	8	(4,113)	(500)	(4,613)	(3,669)	-	(3,669)
Group		(4,113)	(500)	(4,613)	(3,669)	-	(3,669)
Joint Ventures		(8,080)	-	(8,080)	(6,532)	-	(6,532)
Interest receivable and similar income	8	5,646	-	5,646	3,540	-	3,540
Group		5,646	-	5,646	3,540	-	3,540
Joint Ventures		1,168	-	1,168	1,116	-	1,116
Profit on ordinary activities before tax		6,818	(800)	6,018	8,068	(1,536)	6,532
Taxation on profit on ordinary activities	9	-	-	(1,645)	-	-	(412)
Profit on ordinary activities after tax	20			4,373			6,120

All amounts relate to continuing operations.

Consolidated balance sheet
at 31 December 2013

	Note	2013 £000	2012 £000
Fixed assets			
Intangible assets	10	161	257
Tangible assets	11	53,218	52,719
Investments	12		
Joint Ventures:			
Share of gross assets		125,267	125,586
Share of gross liabilities		(129,337)	(130,432)
Goodwill arising on acquisitions less amortisation		119	128
		(3,951)	(4,718)
Loans to joint ventures		12,772	12,723
		8,821	8,005
Other		22	19
		8,843	8,024
		62,222	61,000
Current assets			
Stock	13	20,477	18,023
Debtors: amounts falling due within one year	14	37,911	34,469
Debtors: amounts falling due after one year	14	48,786	49,314
Cash at bank and in hand		9,251	8,274
		116,425	110,080
Creditors: amounts falling due within one year	15	(64,556)	(53,071)
Net current assets		51,869	57,009
Total assets less current liabilities		114,091	118,009
Creditors: amounts falling due after more than one year	16	(44,945)	(51,873)
Provisions for liabilities and charges	18	(2,725)	(3,117)
		66,421	63,019
Capital and reserves			
Called up share capital	19	39	39
Capital redemption reserve	20	10	10
Revaluation reserve	20	10,328	9,900
Profit and loss account	20	56,040	53,079
Minority interest	20	4	(9)
Shareholders' funds		66,421	63,019

These financial statements were approved by the Board of Directors on 30 June 2014 and were signed on its behalf by:

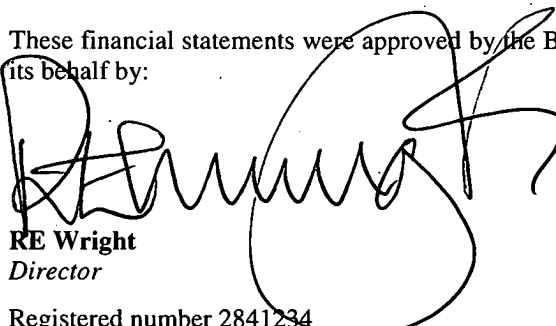

RE Wright
Director

Registered number 2841234

Company balance sheet
at 31 December 2013

	<i>Note</i>	2013		2012	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11		44,306		43,872
Investments	12		521		521
			<u>44,827</u>		<u>44,393</u>
Current assets					
Debtors	14	3,256		2,513	
Cash at bank		163		120	
		<u>3,419</u>		<u>2,633</u>	
Creditors: amounts falling due within one year	15	<u>(19,621)</u>		<u>(11,817)</u>	
Net current liabilities			(16,202)		(9,184)
Total assets less current liabilities			<u>28,625</u>		<u>35,209</u>
Creditors: amounts falling due after more than one year	16		(51)		(5,136)
Provisions for liabilities and charges	18		(1,019)		(1,125)
			<u>27,555</u>		<u>28,948</u>
Capital and reserves					
Called up share capital	19		39		39
Capital redemption reserve	20		8		8
Revaluation reserve	20		574		332
Profit and loss account	20		26,934		28,569
Shareholders' funds			<u>27,555</u>		<u>28,948</u>

These financial statements were approved by the Board of Directors on 30 June 2014 and were signed on its behalf by:


RE Wright
Director

Registered number 2841234

Consolidated cash flow statement
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Net cash inflow/(outflow) from operating activities	23	6,738	(12,425)
Returns on investment and servicing of finance			
Interest received		5,646	5,001
Interest paid		(4,612)	(3,669)
Net cash inflow from returns on investments and servicing of finance		1,034	1,332
Taxation			
Corporation tax paid		(880)	(1,349)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(659)	(3,422)
Sale of tangible fixed assets		89	903
Repayment of loans to joint ventures and associates		191	148
New loans to joint ventures and associates		(240)	(1,024)
Net cash outflow for capital expenditure and financial investments		(619)	(3,395)
Acquisitions and Disposals			
Sale of subsidiary undertakings	5	-	2,218
Net cash sold with subsidiary undertakings		-	(1,184)
Equity dividend paid		(1,399)	(4,649)
Net cash inflow/(outflow) before financing		4,874	(19,452)
Financing			
(Decrease)/increase in loans		(4,122)	3,078
Decrease in Directors loans		(6)	(349)
Increase/(decrease) in cash in the year	24	746	(16,723)

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2013

	2013 £000	2012 £000
Profit for the financial year	4,373	6,120
Deficit on asset revaluation	428	(1,880)
Transfer from revaluation reserve	-	356
Total recognised gains and losses relating to the financial year	4,801	4,596

Note of consolidated historical cost profits and losses
for the year ended 31 December 2013

	2013 £000	2012 £000
Reported profit on ordinary activities before taxation	6,018	6,532
Realisation of property revaluation losses of previous years	-	(6)
Historical cost profit on ordinary activities before taxation	6,018	6,526
Historical cost profit for the year retained after taxation and dividends	2,974	1,465

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2013

	2013		2012	
	Company £000	Group £000	Company £000	Group £000
(Loss)/profit for the financial year	(245)	4,373	12,192	6,120
Dividends	(1,390)	(1,399)	(4,640)	(4,649)
Retained profit	(1,635)	2,974	7,552	1,471
Surplus/(deficit) on asset revaluation	242	428	(1,630)	(1,880)
Transfer from revaluation reserve	-	-	356	356
Net (decrease)/increase in shareholders' funds	(1,393)	3,402	6,278	(53)
Opening shareholders' funds	28,948	63,019	22,670	63,072
Closing shareholders' funds	27,555	66,421	28,948	63,019

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards, under the historical cost convention, subject to revaluation of certain assets and within the requirements of the Companies Act 2006.

Going Concern

The company's business activities, together with the Chairman's executive overview are set out in the Business Review on pages 1 to 7. The financial position of the company is set out in the Group cash flow on page 16. The financial risk and management of financial risk is set out on page 6.

The company meets its day-to-day working capital requirements through a £5m overdraft facility that is due for renewal in September 2014. In addition the company has a £15m Revolving Credit Facility due for renewal in December 2014. At the year end the overdraft and the RCF balances were £nil and £3.85m respectively (2012: £nil and £4.1m). The company's trading forecast and cash flow projections show this compliance will be maintained throughout 2014.

The company's forecast projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate well within the level of its current facility as it has done over previous years. The company has opened renewal negotiations with the bank and has a written commitment confirming there are no matters to suggest renewal will not be forthcoming on acceptable terms and are at levels which provide substantial headroom as in the past.

The directors have full confidence the company has more than adequate resources from funders and assets to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, all of its subsidiary undertakings and the Group's share of the results and net assets of joint ventures made up to 31 December 2013.

The gross equity method of accounting has been adopted in relation to Joint Ventures.

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less profits of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 from the requirement to present its own profit and loss account.

Turnover

Turnover is stated net of VAT. In respect of the contracting activities, turnover 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. In respect of the commercial development activities, turnover represents the sale of property recognised on exchange. In respect of the residential development activity turnover is recognised on completion of property sales. In respect of the Public Private Partnership and management activities turnover represents the value of services supplied during the year. Turnover also includes rent receivable from investment properties where this is the primary source of income. All amounts are derived in the United Kingdom.

Other operating income

Other operating income represents rent receivable on investment properties and rent receivable from property held in stock.

Investments

Subsidiaries and joint ventures are stated at cost less any impairment. Listed investments are stated at market value.

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arising on consolidation, represented by the excess of the fair value of the consideration given over the fair value of the separable net assets acquired, is capitalised and amortised over the Directors estimate of the useful life. The Directors consider each acquisition separately for the purpose of determining amortisation periods.

The period of goodwill amortisation for the Joint Venture acquired is 21 years. This is considered to be the useful economic life of the underlying PFI contract to which the goodwill relates.

The period of goodwill amortisation for the subsidiaries acquired is five years. This is considered to be the useful economic life over which the benefits of the acquisition will be enjoyed.

Finance lease debtor

Costs incurred in construction of group PFI ("Private Finance Initiative") properties have been accounted for under FRS 5.

The guidance within FRS 5 indicates that the projects principal agreements transfer substantially all the risks and rewards of ownership to the customer. As such the costs incurred on the projects have been treated as a finance debtor receivable within these accounts.

Finance lease income is allocated to accounting periods so as to give a constant rate of return on the net investment in the leases.

Tangible fixed assets and depreciation

In accordance with Statement of Standard Accounting Practice ("SSAP") 19, investment properties have been revalued at the year end and any resulting surplus transferred to a revaluation reserve. Where such values have fallen below original cost, if they are not deemed permanent reductions in value then this value has been transferred to the revaluation reserve. When such value reductions are deemed to be permanent, they are taken to the profit and loss account.

Other assets have been depreciated at the following annual rates:

Freehold buildings	-	4% on cost
Leasehold land and buildings	-	4% on cost
Plant, machinery and scaffolding	-	15% on reducing balance
Fixtures and fittings	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance
Computer equipment	-	33% on cost

Post retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Long term 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 amounts invoiced.

Notes (continued)

1 Accounting policies (continued)

Interest

The Group has subsidiaries and investments in joint ventures which are involved in the finance, design and build and in some cases, operation of construction projects. In view of the nature of these projects, interest directly incurred in funding the construction programme is capitalised until the relevant assets are brought into operational use.

All other interest is written off to the profit and loss account as incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are only recognised to the extent that the Directors consider that it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted.

2 Segmental information

The table below sets out the trading results for each of the Group's industry segments excluding exceptional income.

	Property Investment	Construction	Civil Engineering	Commercial property development	Facilities Management	Other	Total
	2013	2013	2013	2013	2013	2013	2013
	£000	£000	£000	£000	£000	£000	£000
Group turnover	720	101,270	29,130	1,756	11,179	8,676	152,731
Other operating income	4,354	-	-	-	-	-	4,354
	<u>5,074</u>	<u>101,270</u>	<u>29,130</u>	<u>1,756</u>	<u>11,179</u>	<u>8,676</u>	<u>157,085</u>
	Property Investment	Construction	Civil Engineering	Commercial property development	Facilities Management	Other	Total
	2012	2012	2012	2012	2012	2012	2012
	£000	£000	£000	£000	£000	£000	£000
Group turnover	574	104,976	25,974	15,309	10,210	21,145	178,188
Other operating income	4,309	-	-	-	-	63	4,372
	<u>4,883</u>	<u>104,976</u>	<u>25,974</u>	<u>15,309</u>	<u>10,210</u>	<u>21,208</u>	<u>182,560</u>

Commercial property development recognised an operating loss before tax and exceptional items of £576,000 (2012: £900,000).

Construction achieved a profit before taxation of £427,000 (2012: £364,000).

Civil Engineering recognised a profit before tax of £84,000 (2012 profit before tax and exceptional items: £118,000).

Facilities Management achieved a profit before taxation of £2,539,000 (2012: £2,696,000).

No further information has been disclosed as, in the opinion of the directors, this could be prejudicial to the interests of the reporting entity.

Notes (continued)

3 Operating profit

Operating profit has been arrived at after charging/(crediting):	2013	2012
	£000	£000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of these financial statements	6	6
Audit of financial statements of subsidiaries of the company	77	83
Taxation compliance services	47	50
All other services	70	36
Depreciation	481	424
Amortisation of goodwill	105	105
Loss on sale of fixed assets	7	15
Profit on sale of fixed assets	(6)	(3)
Exceptional cost of sales item – see below	300	1,567
Termination costs – see below – exceptional item	-	1,928
	<u> </u>	<u> </u>

The exceptional cost of sales item relates to a downward adjustment on certain development assets. In 2012 the exceptional cost of sales item comprised a provision against disruption and prolongation costs on a civil engineering contract, a prior year end adjustment following detailed review of amounts recoverable under a number of historical mechanical and engineering contracts and downward adjustments on certain development assets.

The 2012 exceptional termination costs relate to the swap break cost and advisory fees incurred in relation to the voluntary termination of Wrightcare PFI by the Hospital Trust.

In the opinion of the directors, these items are considered exceptional as whilst they derive from events that fall within ordinary activities they require separate disclosure due to their incidence and size.

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Other operating income

	2013	2012
	£000	£000
Rents receivable on investment properties	4,354	4,309
Profit on disposal of properties	-	63
Termination income – see below - exceptional item	-	1,959
	<u>4,354</u>	<u>6,331</u>
	<u> </u>	<u> </u>

2012 termination income relates wholly to the termination sum received from the Hospital Trust in respect of the voluntary termination of Wrightcare PFI.

Notes (continued)

5 Sale of business

	2013 £000	2012 £000
Net assets disposed of		
Debtors	-	21,196
Cash	-	1,184
Creditors	-	(2,099)
Creditors greater than one year	-	(19,827)
	<u>-</u>	<u>454</u>
 Profit on disposal	 <u>-</u>	 <u>1,652</u>
 Satisfied by		
Cash	-	2,218
Less fees	-	(112)
	<u>-</u>	<u>2,106</u>

Central Blackpool PCC Limited was sold during the prior year contributing £2,218,000 to the Group's net operating cash flows.

6 Employees

The average number of people (including directors) employed by the Group during the year was:

	2013 Number	2012 Number
Direct labour	242	242
Administration	288	295
	<u>530</u>	<u>537</u>
 Cost in respect of these employees:	 £000	 £000
Wages and salaries	17,053	16,693
Social security costs	1,824	1,763
Pension costs	1,593	1,318
	<u>20,470</u>	<u>19,774</u>

Notes (continued)

7 Remuneration of Directors

	2013 £000	2012 £000
<i>Directors' emoluments:</i>		
Remuneration	1,022	943
Compensation for loss of office	243	-
Pension contributions	170	170
Benefits in kind	42	41
	<u>1,477</u>	<u>1,154</u>

Information regarding the highest paid director is as follows:

	2013 £000	2012 £000
Remuneration	263	232
Benefits in kind	15	15
	<u>278</u>	<u>247</u>

Retirement benefits are accruing to five (2012: six) directors under a defined contribution scheme.

8 Net interest payable

	2013 £000	2012 £000
<i>Interest payable and similar charges</i>		
Group:		
Bank loans and overdrafts	4,113	3,669
Swap break costs – exceptional item	500	-
Joint ventures	8,080	6,532
	<u>12,693</u>	<u>10,201</u>
<i>Interest receivable and similar income</i>		
Group:		
Bank and short term deposits	36	60
Other interest received	1,752	-
Finance debtor interest	3,858	3,480
Joint Ventures	1,168	1,116
	<u>6,814</u>	<u>4,656</u>

The exceptional swap break costs relate to the cash cost incurred to partially break one of the Group's interest rate swap agreements.

Notes (continued)

9 Tax on profit on ordinary activities

	2013 £000	2012 £000
UK Corporation tax at 23.25% (2012: 24.50%) on the profit for the year on ordinary activities after exceptional items		
Group	1,068	1,112
Joint Ventures	25	-
Adjustment in respect of prior years	86	(291)
Payments in respect of group relief	-	257
Total current tax charge	1,179	1,078
Deferred tax (see note 18)		
Group	(113)	(462)
Joint Ventures	579	(204)
Tax on profit on ordinary activities after exceptional items	1,645	412
Factors affecting the tax charge for the current year		2012 £000
Profit on ordinary activities after exceptional items before taxation	6,018	6,532
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.50%)	1,399	1,600
Effects of:		
Capital allowances in excess of depreciation	(383)	(239)
Group relief claimed	(379)	(297)
Expenses not deductible for tax purposes	551	1,084
Income not taxable	(106)	(826)
Profit on disposal in excess of chargeable gains	-	(301)
Small companies/marginal rate relief	(6)	36
Other timing differences	93	4
Utilisation of tax losses	(426)	(319)
Unrelieved tax losses	121	370
Payments in respect of group relief	229	257
Adjustment in respect of prior years	86	(291)
Current tax charge for the year	1,179	1,078

10 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January 2013 and 31 December 2013	1,459
Amortisation	
At 1 January 2013	1,202
Charge for year	96
At 31 December 2013	1,298
Net book value	
At 31 December 2013	161
At 31 December 2012	257

Notes (continued)

11 Tangible assets

	Investment properties £000	Freehold land and Buildings £000	Leasehold Land and buildings £000	Fixtures and fittings £000	Plant, machinery and scaffolding £000	Motor vehicles £000	Total £000
The Group							
<i>Cost or valuation</i>							
At 1 January 2013	47,794	3,586	337	1,694	3,758	821	57,990
Additions	208	-	-	107	169	175	659
Disposals	-	-	-	(33)	(84)	(370)	(487)
Revaluation surplus	410	-	-	-	-	-	410
At 31 December 2013	48,412	3,586	337	1,768	3,843	626	58,572
<i>Accumulated depreciation</i>							
At 1 January 2013	-	33	179	1,472	3,081	506	5,271
Charge for year	-	34	29	116	212	90	481
Disposals	-	-	-	(33)	(70)	(295)	(398)
At 31 December 2013	-	67	208	1,555	3,223	301	5,354
<i>Net book value</i>							
At 31 December 2013	48,412	3,519	129	213	620	325	53,218
At 31 December 2012	47,794	3,553	158	222	677	315	52,719
The Company							
	Freehold Improvements £000	Freehold property £000	Investment properties £000	Plant and machinery £000	Motor vehicles £000	Total £000	
<i>Cost or valuation</i>							
At beginning of year	147	3,586	39,875	1,797	63	45,468	
Additions	-	-	208	129	66	403	
Disposals	-	-	-	-	(63)	(64)	
Revaluation	-	-	242	-	-	242	
At end of year	147	3,586	40,325	1,926	66	46,050	
<i>Depreciation</i>							
At beginning of year	36	34	-	1,489	37	1,596	
Charge for year	21	33	-	118	14	186	
Disposals	-	-	-	-	(38)	(38)	
At end of year	57	67	-	1,607	13	1,744	
<i>Net book value</i>							
At 31 December 2013	90	3,519	40,325	319	53	44,306	
At 31 December 2012	111	3,552	39,875	308	26	43,872	

All investment properties are held at valuation. All such assets were valued at 31 December 2013 on the basis of existing use by GVA Grimley, Chartered Surveyors. All other assets are at cost less depreciation.

Notes (continued)

12 Investments

				Shares in group undertakings £000
<i>Company</i>				
<i>Investment in subsidiary undertaking</i>				
Cost as at 1 January and 31 December 2013				521
	Goodwill £000	Share of net liabilities £000	Loans to joint ventures £000	Total £000
<i>Group</i>				
<i>Joint ventures</i>				
Net book value as at 1 January 2013	128	(4,846)	12,723	8,005
Net movement in share of reserves	-	776	-	776
New loans	-	-	240	240
Repayment of loans	-	-	(191)	(191)
Amortisation of goodwill	(9)	-	-	(9)
Net book value as at 31 December 2013	<u>119</u>	<u>(4,070)</u>	<u>12,772</u>	<u>8,821</u>
<i>Other</i>				
Net book value as at 1 January 2013				19
Revaluation of shares				3
Net book value as at 31 December 2013				<u>22</u>

An analysis of the Group's share of net liabilities of joint ventures is as follows:

	2013 £000	£000	2012 £000	£000
Fixed assets	97,029		99,132	
Current assets	28,238		26,454	
		125,267		125,586
Liabilities due within one year	(9,910)		(5,937)	
Liabilities due after one year	(119,427)		(124,495)	
		(129,337)		(130,432)
		<u>(4,070)</u>		<u>(4,846)</u>

Additional information on subsidiaries and joint ventures is set out in note 28.

13 Stock

	2013 Company £000	Group £000	2012 Company £000	Group £000
Consumables	-	95	-	118
Work in progress	-	20,382	-	17,905
		20,477		18,023

Notes (continued)

14 Debtors

	2013		2012	
	Company £000	Group £000	Company £000	Group £000
<i>Amounts falling due within one year:</i>				
Finance lease debtor receivable	-	1,241	-	1,639
Trade debtors	362	20,515	600	13,674
Amounts recoverable on long term contracts	-	10,623	-	9,522
Amounts due from parent company	-	-	-	21
Amounts due from subsidiaries	2,396	-	1,479	-
Prepayments	383	2,768	375	2,161
Deferred tax assets	-	1,076	-	1,277
Other debtors	114	1,687	58	6,174
Directors current account	1	1	1	1
	<u>3,256</u>	<u>37,911</u>	<u>2,513</u>	<u>34,469</u>
<i>Amounts falling due after one year:</i>				
Finance lease debtor receivable	-	48,786	-	49,314
	<u>3,256</u>	<u>86,697</u>	<u>2,513</u>	<u>83,783</u>

Management expect the deferred tax timing differences to reverse and therefore this asset is considered recoverable.

Included within Directors current accounts are loans to JF Carter £810 (2012: £756).

The maximum amount outstanding in the year was £810 (2012: £756).

15 Creditors: amounts falling due within one year

	2013		2012	
	Company £000	Group £000	Company £000	Group £000
Bank overdraft and loan	11,475	11,160	3,820	7,962
Payments on account	-	2,876	-	3,060
Trade creditors	10	31,385	45	26,223
Amounts due under hire purchase contracts	51	51	47	47
Amounts due to parent company	6,271	6,499	6,481	6,740
Amounts due to subsidiaries	9	-	5	-
Corporation tax	375	406	91	132
Taxation and social security	66	2,563	50	920
Other creditors	129	2,988	118	1,983
Accruals and deferred income	1,235	6,615	1,160	6,004
Directors current account	-	13	-	-
	<u>19,621</u>	<u>64,556</u>	<u>11,817</u>	<u>53,071</u>

Included within directors current accounts due within one year are loans due to JP Hartley (Director) £13,386 (2012: £6,386). The maximum amount outstanding in the year was £13,386 (2012: £6,386).

16 Creditors: amounts falling due after one year

	2013		2012	
	Company £000	Group £000	Company £000	Group £000
Bank loans	-	42,273	5,034	49,309
Amounts due under hire purchase contracts	51	51	102	102
Deferred income	-	2,621	-	2,462
	<u>51</u>	<u>44,945</u>	<u>5,136</u>	<u>51,873</u>

Notes (continued)

17 Loans and overdrafts

The maturity profile of the financial liabilities is analysed as follows:

	2013 £000	2012 £000
Loans and overdrafts can be analysed as falling due:		
In one year or less, or on demand	11,160	7,962
Between one and two years	2,456	3,282
Between two and five years	5,888	10,346
In five years or more	33,929	35,681
	<u>53,433</u>	<u>57,271</u>

Bank loans and overdrafts are secured on certain investment properties of Eric Wright Group Limited and other group companies.

All financial liabilities are denominated in UK pounds sterling. The financial liabilities carry floating rates of interest, based upon market rates prevailing at the time. Some of these financial liabilities have been swapped to a fixed interest rate.

Interest rate swaps, denominated in pounds sterling have been entered into to protect the maximum interest expense to which the Group is exposed. These swaps with an underlying debt value of £58,619,000 (2012: £62,791,000) enables the Group to swap floating rate liabilities on loans linked to LIBOR to a fixed rate liability. The period of these swap arrangements ranges from 15 to 30 years as at 31 December 2013. This capped the maximum interest payable by the Group to December 2012 at 5.87%.

The interest paid by the Group on its bank floating rate liabilities is at a rate of bank base or Libor rate plus a margin of 1.375% to 3.5% (2012: bank base rate plus 2.2% to 3.5%).

18 Provisions for liabilities and charges

Group	Deferred tax £000	Ex-gratia payments due to former directors £000	Total £000
At beginning of year	2,803	314	3,117
Credit to the profit and loss for the year	(314)	(78)	(392)
At end of year	<u>2,489</u>	<u>236</u>	<u>2,725</u>

A provision for ex-gratia payments to former directors was made in the prior year. This provision is being utilised at £69,000 per annum over the 5 year period ended 31 December 2016.

Notes (continued)

18 Provisions for liabilities and charges (continued)

	2013		2012	
<i>Held in provisions for liabilities and charges</i>	Company £000	Group £000	Company £000	Group £000
At 1 January 2013	(1,125)	(2,803)	(1,182)	(3,565)
Profit and loss account credit in the year	106	314	57	762
At 31 December 2013	<u>(1,019)</u>	<u>(2,489)</u>	<u>(1,125)</u>	<u>(2,803)</u>
	2013		2012	
<i>Held in debtors</i>	Company £000	Group £000	Company £000	Group £000
At 1 January 2013	-	1,277	-	1,577
Profit and loss account charge in the year	-	(201)	-	(300)
At 31 December 2013	<u>-</u>	<u>1,076</u>	<u>-</u>	<u>1,277</u>
There is no unprovided deferred tax.				
	2013		2012	
<i>Deferred tax liability</i>	Company £000	Group £000	Company £000	Group £000
Accelerated capital allowances	1,022	2,509	1,127	2,840
Other timing differences	(3)	(20)	(2)	(37)
Others	-	-	-	-
	<u>1,019</u>	<u>2,489</u>	<u>1,125</u>	<u>2,803</u>
	2013		2012	
<i>Deferred tax asset</i>	Company £000	Group £000	Company £000	Group £000
Accelerated capital allowances	-	(126)	-	(129)
Other timing differences	-	1,046	-	1,227
Others (unrelieved trading losses)	-	156	-	179
	<u>-</u>	<u>1,076</u>	<u>-</u>	<u>1,277</u>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax balance at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

19 Share capital

	2013 £000	2012 £000
<i>Allotted, issued and paid</i>		
394,450 ordinary shares of 10p each	<u>39</u>	<u>39</u>

Notes (continued)

20 Reserves

	Profit and loss account £000	Revaluation reserve £000	Capital redemption reserve £000	Minority interest £000	Total £000
Group					
At 1 January 2013	53,079	9,900	10	(9)	62,980
Profit for the year	4,373	-	-	-	4,373
Dividends paid	(1,399)	-	-	-	(1,399)
Surplus on asset revaluation	-	428	-	-	428
Minority interest	(13)	-	-	13	-
At 31 December 2013	56,040	10,328	10	4	66,382

	Profit and loss account £000	Revaluation reserve £000	Capital redemption reserve £000	Total £000
Company				
At 1 January 2013	28,569	332	8	28,909
Loss for the year	(245)	-	-	(245)
Dividends paid	(1,390)	-	-	(1,390)
Surplus on property revaluation	-	242	-	242
At 31 December 2013	26,934	574	8	27,516

21 Contingent liabilities

There is cross guarantee in place in relation to the Group bank facilities between all Group companies. This is supported by a first legal charge over certain Group properties.

22 Pension commitments

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

The pension scheme charge for the year is £1,593,000 (2012: £1,318,000) and the amount due to the scheme at the year end is £131,000 (2012: £118,000).

23 Reconciliation of group operating profit to net cash flow from operating activities

	2013 £000	2012 £000
Operating profit before exceptional items	3,952	4,233
Exceptional items	(300)	(1,536)
Profit on sale of business undertaking	124	-
Operating profit of subsidiary sold up to the date of sale	-	(133)
Depreciation	481	424
Goodwill amortisation	105	105
Profit on sale of fixed assets	-	(51)
Increase in stock	(2,455)	(9,062)
Increase in debtors	(4,041)	(6,457)
Decrease in finance debtor	925	8,038
Increase/(decrease) in creditors	8,025	(7,867)
Movement in provisions	(78)	(119)
	6,738	(12,425)

Notes (continued)

24 Analysis of changes in net debt

	At 1 January 2013 £000	Cash flows £000	At 31 December 2013 £000
Cash in hand and at bank	8,274	977	9,251
Overdrafts	-	(231)	(231)
	<u>8,274</u>	<u>746</u>	<u>9,020</u>
Debt due within one year	(7,963)	(2,966)	(10,929)
Debt due after one year	(49,411)	7,088	(42,323)
	<u>(49,100)</u>	<u>4,868</u>	<u>(44,232)</u>

25 Reconciliation of net cash flow to movement in net debt

	£000
Increase in cash in the year	746
Increase in loans	4,122
	<u>4,868</u>
Decrease in net debt	<u>4,868</u>

26 Parent company

The parent and ultimate parent company is Henmead Limited, and is the largest Group of which the Company is a member and for which Group financial statements are drawn up. The Company is incorporated in England and Wales.

The consolidated accounts of the Henmead Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

Notes (continued)

27 Related party transactions

Recipient company	EWG Shareholding	Goods and services supplied		Balance oustanding at end of year	
		2013 £000's	2012 £000's	2013 £000's	2012 £000's
<i>During the year the Group supplied construction services to the following companies in which Eric Wright Group Limited has an interest. Provided by Eric Wright Construction Limited.</i>					
Booths Partnership Limited	50%	344,315	80,909	350,239	36,033
Blackpool Local Education Partnership Ltd	64%	16,797,238	22,264,185	1,005,705	-
Highfield PFI SPV Ltd	72%	542,631	13,099,073	-	893,453
Rosendale Lift Ltd	60%	-	155,996	-	-
Leigh Fundco Ltd	60%	-	-	-	164,848
East Lancashire Capital Projects Ltd	60%	13,736,010	38,250	663,636	-
Bolton Fundco 1 Ltd	60%	458,794	2,065,463	5,633	157,801
<i>During the year the company supplied hard FM services to the following companies in which Eric Wright Group Limited has an interest. Provided by Eric Wright FM Limited.</i>					
Blackpool Local Education Partnership Ltd	64%	94,807	42,651	28,308	-
Blackburn Fundco Ltd	60%	233,918	226,372	-	-
Bolton Fundco 1 Ltd	60%	312,990	239,646	-	-
Brahm Fundco 1 Ltd	60%	554,524	536,346	-	-
Brahm Fundco 2 Ltd	60%	395,106	404,605	-	-
Highfield PFI SPV Ltd	72%	555,987	167,513	-	-
Inhoco 2952 Ltd	60%	663,550	769,052	-	-
Leigh Fundco Ltd	60%	280,625	237,706	-	-
Pacific Shelf 888 Ltd	60%	44,627	36,209	-	-
Pembertoncare Ltd	60%	104,891	140,197	-	-
Pimco 2297 Ltd	60%	52,994	42,434	-	-
Pimco 2401 Ltd	60%	162,487	186,616	-	-
Pimco 2451 Ltd	60%	412,244	292,672	-	-
Pinco 2033 Ltd	60%	628,746	569,380	-	-
Pinco 2206 Ltd	60%	408,987	358,575	-	-
Pinco 2223 Ltd	60%	575,363	508,168	-	-
Rosendale Lift Ltd	60%	225,064	206,976	-	-

Notes (continued)

27 Related party transactions (continued)

Recipient company	EWG Shareholding	Goods and services supplied		Balance oustanding at end of year	
		2013 £000's	2012 £000's	2013 £000's	2012 £000's
During the year the company provided management services to the following companies in which Eric Wright Group Limited has an interest. Provided by Eric Wright Partnerships Limited.					
Blackburn Fundco Ltd	60%	16,851	16,307	-	-
Blackpool Local Education Partnership Ltd	64%	84,486	88,838	-	-
Bolton Fundco 1 Ltd	60%	61,224	52,447	-	-
Brahm Fundco 1 Ltd	60%	105,604	102,197	-	-
Brahm Fundco 2 Ltd	60%	82,334	79,444	-	-
Brahm Lift Ltd	60%	50,308	48,685	-	-
Inhoco 2952 Ltd	60%	111,644	108,043	-	-
Leigh Fundco Ltd	60%	41,790	40,442	-	-
Pacific Shelf Ltd	60%	7,863	7,609	-	-
Pemberton Care Ltd	60%	25,425	24,744	-	-
Pimco 2297 Ltd	60%	7,715	7,466	-	-
Pimco 2401 Ltd	60%	39,335	38,066	-	-
Pimco 2451 Ltd	60%	66,146	64,012	-	-
Pinco 2033 Ltd	60%	91,444	88,489	-	-
Pinco 2206 Ltd	60%	74,411	72,011	-	-
Pinco 2223 Ltd	60%	68,818	66,598	-	-
Rossendale Lift Ltd	60%	21,370	20,682	-	-

During the year the group received a loan from Belleil Limited, a company in which JF Carter is a director. The loan received during the year totalled £300,000 (2012: £nil) and the amount outstanding at the year end was £300,000 (2012: £nil).

Notes (continued)

28 Additional information on subsidiaries and joint ventures

Company/entity	Portion of ordinary shares held	
<i>Subsidiary undertakings</i>		
Eric Wright Construction Limited*	100%	
Eric Wright Partnerships*	100%	
Eric Wright Civil Engineering Limited*	100%	
Maple Grove Developments Limited*	100%	
Eric Wright Investments Limited	100%	Dormant
Maple Grove Investments Limited	100%	
Stonecross Enterprises Limited	100%	
Elltech Limited	95%	
Wrightcare Limited	100%	
Sceptre Nursery Limited	100%	
Lightburn Management Company Limited (dissolved 07 January 2014)	100%	
Eric Wright Commercial Limited	100%	Dormant
Skemtech Limited	95%	
Fleetwood PPP Limited*	100%	
Cobco 494 Limited	100%	
Cobco 450 Limited	100%	
Eric Wright FM Limited	100%	
Robert Hughes Limited	100%	Dormant
Maple Grove Residential Limited	100%	
Applethwaite Limited	100%	
Eric Wright Developments (formerly BU4U Limited)	100%	Dormant
Site Electrical Limited	100%	
EWGN Blackpool PSP Limited*	80%	Dormant
Blackpool LEP Limited	64%	
Highfield PFI Holdco Limited	72%	Dormant
Highfield PFI SPV Limited	72%	
Samlesbury Developments Limited*	100%	
<i>Joint Ventures</i>		
Riverside 2 Limited	50%	Dormant
Foundation for Life Limited*	60%	
Leigh Holdco Limited	60%	Dormant
Leigh Fundco Limited	60%	
Pacific Shelf 888 Limited	60%	
Pemberton Care Limited	60%	
Pinco 2033 Limited	60%	
Pinco 2206 Limited	60%	
Pimco 2401 Limited	60%	
FFL Capital Projects Limited	60%	Dormant
East Lancashire Building Partnership Limited*	60%	
Blackburn Holdco Limited	60%	Dormant
Blackburn Fundco Limited	60%	
Rossendale LIFT Limited	60%	
Pinco 2223 Limited	60%	
Pimco 2297 Limited	60%	
Inhoco 2952 Limited	60%	
Pimco 2451 Limited	60%	
East Lancashire Capital Projects Limited	60%	
Brahm LIFT Limited*	60%	
Brahm Intermediate Holdco 1 Limited	60%	Dormant
Brahm Fundco 1 Limited	60%	
Brahm Intermediate Holdco 2 Limited	60%	Dormant
Brahm Fundco 2 Limited	60%	
Bolton Holdco 1 Limited	60%	Dormant
Bolton Fundco 1 Limited	60%	
Brahm Capital Projects Limited	60%	Dormant
Booths Partnership Limited	50%	
Regional and Local Education Partnership Limited	26%	Dormant

* Eric Wright Group Limited directly owns the share capital of these entities. All remaining share capital is owned indirectly through subsidiary undertakings

Notes *(continued)*

30 Additional information on subsidiaries and joint ventures *(continued)*

All companies are registered and operate in England and Wales and principal activities are either building, contracting, civil engineering or property development.

31 Ultimate parent undertaking

The company is a wholly owned subsidiary of Henmead Limited, a company incorporated in England.