ESH CONSTRUCTION

ESH CONSTRUCTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014

REGISTERED NUMBER 02529939

WELCOME TO ESH

Lumsden & Carroll's newest addition to their fleet of wagons

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014

Principal activities

The principal activities of the group during the year were civil engineering, property maintenance, property construction and facility services.

Business review and key performance indicators

The group continues to use a range of non-financial and financial performance related indicators to ensure that activities are monitored and controlled effectively. Those set out below are reported to the board and staff at frequent and regular intervals.

	2014	2013
Turnover	**£253.1m**	£182.9m
Turnover growth	**38.4%**	21.8%
Gross profit margin	**8.5%**	8.8%
Overhead (administrative) costs	**£12.6m**	£8.8m
Profit before tax	**£9.1m**	£7.4m
Cash at bank and in hand	**£23.4m**	£13.7m

2014 saw the group conclude its regionalisation plans, as a result we have made a step change in re-organising the way we do business across what is now a North of England and Southern Scotland based, diversified construction business.

We have described 2014 as a year of transformation and positive progress has been made in all aspects of the business. The new regional management structures are now established and with new teams and reporting bedding in.

In conjunction with this growth we have continued to closely manage challenges within the business. Some of these have arisen as a result of the resurgence of the sector overall, as cost increases, challenging delivery programmes and shortages of resources, labour and material supplies driven by industry demand have been experienced.

Our progress and success is achieved through our people and we have put particular emphasis on increasing our staff communication and engagement processes, making significant additional investment in development and training. The business is currently working towards reaccreditation to Investors In People.

Alongside, we have continued to build and develop our Added Value programmes with our partners and to expand this work deeper into the organisation involving greater numbers of employees through the business, including those on sites.

We are growing our BIM (Building Information Management) capability across the business.

"Our progress and success is achieved through our people and we have put particular emphasis on increasing our staff communication and engagement processes, making significant additional investment in development and training."

Our business development is focussed; we are pragmatic in our tenders and bidding. We are respectful of the changes in market conditions and the uncertainties created by both the economy and the political landscape, in particular the Scottish Referendum and the General Election.

Our focus in 2015 will be on making sure our foundations are solid, consolidation, consistency and risk management. A key aim in the year is to embark on a major programme to review and replace the Group's IT systems, introducing a new network that is fit for purpose as we continue to aim for steady, sustainable growth across our expanded geographical area.

A significant step in the group's regionalisation plans was the acquisition of Border Construction Limited in March 2014. The business, now re-branded as Esh Border Construction represents the business across Central and Southern Scotland into Cumbria and North Lancashire from its offices in Carlisle, Kendal, Earlston and a recently established new base at Livingston.

In April 2014 Simon Phillips was appointed Regional Managing Director for Esh Border Construction to galvanise and integrate the existing Border and Esh teams. Simon is well known to the Group and we are really pleased that he has joined the business.

During 2014 the market in these areas has continued to be challenging but showing signs of an improving situation for our business in 2015; we are investing significant effort in establishing the business across this diverse region. Meet the Buyer events have been held in the region and PR communications consultancy, Beattie, has been appointed to work alongside our Business Development and Added Value teams to assist in raising awareness of our business across this large area. Resources are being added to position Esh Border to develop in the coming years. Finlayson, the small works brand inherited as part of the acquisition of Border Construction is being supported in its operations out of Galashiels. Likewise investment has been made in new equipment at the specialist joinery division based in Carlisle.

Good progress has been made in working in social housing with clients including Eildon & Scottish Border Council, Riverside and Two Castles Housing Associations. Significant contracts with private developer Barros Trading in Barrow in Furness and Historic Scotland for a new national conservation centre in Stirling are anticipated in early 2015.

Housing at Green Howards Way, Richmond

The Gateway, Middlehaven

We continue to build on our Value Added work throughout Cumbria and in the *Post 16/Training Provider of the Year* category we were runners up to Cumbria University at the Golden Apples Awards.

We have doubled the size of the base for Esh Construction's Yorkshire and Humber operations at Thorpe Park on the A1M near Leeds. Andy Gawthorpe has been appointed as our Regional Managing Director to bring together civil engineering, commercial build and social housing operations under the Esh Construction banner. Andy joins from a national contractor and brings plenty of enthusiasm and drive to establish our business going forward.

The social housing market as a whole has not been without its problems in 2014 and Yorkshire, in particular, has experienced issues in sourcing materials and labour alongside tight build programmes and reduced grants. We have built on our business in this area winning new build work with Yorkshire Housing and Guinness Housing.

Our commercial build operation in the region has made steady progress although in general the sector is slow to recover. We have secured a new build contract with Muse Developments for Leeds Logic on a prestigious new business park for delivery in 2015 and built the award-winning velodrome for York University in 2014.

Civil engineering has been a stand-out performer and in 2015 we will look for opportunities to expand our infrastructure works into areas such as roads and sewers. We have won a new framework with Sheffield City Council and we continue to deliver important contracts with Yorkshire Water, Barnsley County Council, Leeds City Council and York City Council through the Yorbuild and Yorcivils frameworks and to deliver infrastructure works for national and regional house builders including Taylor Wimpey, Lovell and Harron Homes. The traffic calming and road realignment scheme delivered for Leeds City Council on behalf Highways Agency at junction 44 on the M1 was high profile and helpful in raising awareness of our business in the region.

Esh Construction's well established North East operation, delivered out of Bowburn, continues to perform very well across all sectors with civil engineering leading the way followed by commercial build and social housing. Stephen Wilkie has been appointed Regional Managing Director for the North East. Steve started working with the company as a trainee and now has 27 years' service so we know what he can bring to the business.

A civil engineering framework, for potentially nine years, has been won with Capita to deliver infrastructure works for North Tyneside Council. In addition, the A174/A1044 junction civil engineering scheme, a road scheme in conjunction with UK Land Estates and a new build Innovation Centre, were delivered as part of the Stockton Borough Council framework.

Six schemes have been delivered in Teesside by the commercial build team. The total value of these contracts has exceeded £30m and the developments form part of the regeneration of Middlesbrough and Stockton's riversides. They include Middlehaven Gateway, an award winning joint development between Keiro and Erimus Housing providing a nationally unique residential therapeutic rehabilitation centre, Tennant Street Medical Practice a new Link Health Centre, Thirteen Group headquarters for client, Muse Developments, STEM (Science, Technology, Engineering and Maths) Skills Centre, for Middlesbrough College, Boho 5, high quality, innovative incubator offices for Middlesbrough and Fusion Hive, Stockton Innovation Centre, commissioned by Stockton Borough Council for the University of Teesside.

Our important contract with Northumbrian Water on AMP5 Framework 02B Construction Infrastructure and AMP5 Framework 05 Sewer Maintenance has progressed well and the team is currently re-tendering for both frameworks in 2015.

The civil engineering team has continued to deliver the Environment Agency framework for reactive maintenance and to grow provision of infrastructure works for house builders including Taylor Wimpey, Persimmon Homes, Barratt Homes, Bellway and Bett Homes.

The social housing team is on track to deliver the Homes & Communities Agency contract, in full and on time in conjunction with Two Castles Housing Association. Other social housing clients include East Durham Homes, Thirteen Group, Broadacres Housing Association, Your Homes Newcastle and North Star Housing Association. Additionally the team has undertaken new build work for the Group's in-house building arm, Dunelm Homes, completing over 170 homes and over the year the Group has built more than 750 new homes in total for its client base.

New contracts delivered in the year included refurbishment of 900 homes within 6 months for South Tyneside Homes. This logistically intensive scheme completed in early 2015 and was delivered on time to full specification. Other significant refurbishment programmes were East Durham Homes decent homes programme, Cestria and North Star planned programmes, Anchor planned maintenance and conversions for Prince Bishop Homes.

New contracts have been secured with Coast & Country Housing and Livin and new clients include Leazes Homes (part of Your Homes Newcastle) and the YMCA.

Esh Facilities, led by Steve Leadbitter and based in Cramlington Northumberland, has performed well and alongside carrying out 24/7 responsive and planned maintenance for national and regional organisations is continuing to deliver project work for a major national client. The business complements our construction stream and the two sustain one another.

Over the next three to four years Esh Construction aims to emulate the success which has been achieved in the North East across our other regions in order to create an exceptional business. Our move to producing regional financial splits in Esh Construction by region and service stream will prove invaluable in monitoring progress and working towards our goal. We recognised that this strategy will take time, investment and resources and we are certain that Esh Group possesses these assets in abundance and, together with patience, we are confident we can succeed.

Students from Hylton Castle Primary School attending a site visit

Health & Safety

Only by setting and maintaining the highest standards across the Group companies are we able to retain the trust of our clients and our people and the wider general public.

We work hard to make sure that Health and Safety policies are well communicated, understood, respected and implemented in order that we protect the health, safety and welfare of all of our stakeholders; customers, suppliers and public alike.

We operate a proactive monitoring system on all of our sites and premises. Esh Group companies are monitored by external accreditation organisations and Esh Construction is accredited to BS OHSAS 18001 and both Esh Construction and other group companies are accredited by several other construction monitoring schemes including UVDB (Utilities Vendors Database) and CHAS (The Contractors Health and Safety Assessment Scheme).

Key Performance Indicators (KPIs)

Site inspections measure the effectiveness of each project team in implementing policies and procedures. Key Performance Indicators (KPIs) are collated through monitoring three key areas: construction activities, documents and environmental. These are examined separately to ensure that weaknesses are identified immediately and that effort and resources are quickly directed to where required.

Health, safety and environmental KPIs are reported monthly at Board level for every Group company.

In 2014 the Group began rolling out a key programme encapsulating its core belief of Everyone Safely Home. This has been progressed by updating all Safety Documentation and the main launch is scheduled to coincide with UK Safety Week commencing June 15th 2015.

ISO 50001

Esh Construction achieved ISO 50001 accreditation in 2013. This award provides public and private sector organisations with management strategies to increase energy efficiency, reduce costs and improve energy performance.

Environmental Policy

Esh Construction is externally accredited to ISO 14001 and our dedicated Environmental Management team ensures that the business maintains legal compliance and promotes good practice.

ISO 9001 2008

Esh Construction has held a quality management certification since 2003 and has updated its procedures as the accreditation has evolved. This provides assurance to both our customers and ourselves as to the consistency and high quality of our products and services.

Principal risks and uncertainties

Whilst the economic climate continues to show signs of improvement, management remains vigilant to emerging risks, and will continue to adapt the organisation to the environments in which it operates.

The Group maintains a diverse range of operations across a number of complimentary sectors, and whilst there continues to be challenges in a number of these sectors, the Board remains confident that the diversity of clients and services, and the flexibility of resources within the group will maximise opportunities and enable effective management of risk within all of the sectors in which the group operates.

The principal risks faced by the group, and the action taken to mitigate these, are presented in the table below. These are considered to be the most important to the future development and performance of the business.

Risk description	How it is mitigated
Project execution	
The Group undertakes construction, refurbishment and maintenance projects. We need to continue to deliver these within programme and match or exceed clients' requirements, profitably and within agreed financial parameters. Successful delivery of many of these projects depends on the successful implementation and maintenance of a range of operational and commercial procedures and controls.	Each business unit has defined operating procedures to address the risks inherent in project delivery. Furthermore, a well established commercial and financial risk management framework is in operation, using structured review meetings and reporting, with key risks identified early in the project delivery. We also have public indemnity cover to provide further safeguards.
Tendering	
Through our different business units we seek to win profitable work through a large number of competitive tenders. This depends on our ability to price and add value in our tender offering, driven by an efficient operating model, and a clear focus on quality delivery and added value.	All bids are subject to proven, rigorous estimating and tendering processes within a defined framework, using skilled resources. We have delegated authority levels for approving all tenders and a formal tender review process. We undertake reviews following both successful and unsuccessful tenders to ensure we learn from them and apply those lessons to future tenders. Our culture of added value within the communities in which we work provides a point of differentiation from many of our competitors, producing upper quartile tender success rates.
People	
We need to recruit and retain the best management and employees. These staff should have appropriate competencies and also share our values and behaviours.	We measure all potential recruits for key roles in the organisation against a competency framework. We undertake staff appraisals to review the roles, competencies, performances and potential of personnel. We have a well-developed succession planning process to identify and develop high potential personnel to fill key roles. These plans are reviewed regularly and discussed at all levels within the organisation and by the Board. We have appropriate remuneration and incentive packages to help us attract and retain key employees, including employee share ownership. We also use a well connected group of recruitment consultants and advisors to ensure we connect with the best talent within the industry.
Supply chain	
We are reliant on our supply chain partners for successful operational delivery, which means we are also exposed to a variety of risks in the supply chain.	Our strategic supply chain management processes, where possible, aligns us to large, robust suppliers whose access to material and resources is preferred given their size and scale; a factor equally supported by our own size, regional presence and buying capacity. We develop long term relationships with our subcontractors, working closely with them to understand their operations and work with them to ensure their capacity planning can be optimised. We aim to work as much as possible with preferred suppliers and subcontractors who undergo rigorous, risk-based prequalification processes and share our values. We aim to avoid becoming over reliant on any one supplier or subcontractor.

Risk description	How it is mitigated
Health and safety	
The Group works on projects which require continuous monitoring and management of health and safety risks.	The Group has a highly developed health, safety and environmental process. This process is underpinned by documented procedures and working practices. Policy is set by the Board, and cascaded through the organisation via a team of dedicated health and safety professionals, who continually audit and review on site operations for compliance, as well as liaising with external verification bodies. Accident frequency rates remain well below the industry average. Health and safety remains the first agenda item at all board meetings, and is a critical focus for all directors.
Regulatory, market and economic	
The Group operates in markets and segments that are influenced by a range of external factors. The resilience and performance of the construction sector, and the housing market in particular, is at risk from regulatory change, political change and the impact of monetary policy and financial system regulation	The Group maintains a diversified portfolio of operating activities, some of which behave in a counter cyclical manner, and most of which are aligned to well funded, blue chip client bases The housing market continues to show signs of recovery, and whilst a reasonable proportion of the group continues to be associated with this sector, the group has considerably de-leveraged its association with the sector from where it was before the recession.

Future developments

With economic recovery starting to gain momentum, a key focus for the group will be to ensure that growth can be managed effectively by way of leveraging the organisational changes implemented over recent years, combined with a process of continuous improvement and refinement to our operating model in order to meet the growth challenges that lie ahead.

Signed on behalf of the Board

A E Radcliffe
Director
29th May 2015

Esh House
Bowburn North Industrial Estate
Bowburn
Durham
DH6 5PF

Paul Redman, Construction Director of Esh Build, on Site at Vela HQ

Matt Johnson, Development Director of Wynyard Park and Michael Henderson, Surveying Director of Lumsden and Carroll on site at Wynyard Park

DIRECTORS' REPORT

The directors present their directors' report and audited consolidated financial statements for the year ended 31 December 2014.

Financial instruments

The Group's financial instruments comprise borrowings (principally obligations under finance leases) share capital, cash, and various items arising directly from operations (such as trade debtors, trade creditors etc).

The finance lease obligations total £2.6m and are at fixed interest rates. The Group's cash balance of £23.4m carries interest at variable rates but the levels of interest receivable are not significant to this group's results because interest accrues to Esh Holdings Limited as a result of the group banking facility.

Financial instrument risks are managed at the Esh Group level, and further details can be obtained from the Esh Holdings Limited financial statements.

Dividends

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2014 of £1,500,000 (2013: £2,600,000).

The directors have proposed a final dividend in respect of the current financial year of £5,400,000. This has not been included in creditors as it was not approved before the year end.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

JP Davies
D Halfacre
A Law
S Leadbitter
B Manning
G Morgan
AE Radcliffe
D Thompson
C Walker
P Watson
ST Wilkie
A Gawthope (appointed 21 August 2014)
S Phillips (appointed 21 August 2014)

Employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

The Group is firmly committed to the principles of employee involvement. A range of briefing and consultation arrangements have been developed in all parts of the Group and these are subject to continued review and improvement.

Political contributions

Neither the Company nor any of its subsidiaries made any political contributions or incurred any political expenditure during the year.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and 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 prepared the 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;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Independent auditors

During the year PricewaterhouseCoopers LLP were appointed as auditors.

On behalf of the board,

A E Radcliffe
Director
29th May 2015

Esh House
Bowburn North Industrial Estate
Bowburn
Durham
DH6 5PF

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESH CONSTRUCTION LIMITED

Report on the financial statements

Our opinion
In our opinion, Esh Construction Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited
Esh Construction Limited's financial statements comprise:

- the Consolidated balance sheet as at 31 December 2014;
- the Company balance sheet as at 31 December 2014;
- the Consolidated profit and loss account for the year then ended;
- the Reconciliation of movements in shareholders' funds for the year then ended;
- the Statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of directors' responsibilities set out on page 9, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

29 May 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

	Note	**2014 £'000**	2013 £'000
Turnover	1	**237,114**	182,867
Attributable to continuing operations		**237,357**	182,867
Attributable to acquisitions		**15,757**	-
Cost of sales		**(231,596)**	(166,684)
Gross profit		**21,518**	16,183
Administrative expenses		**(12,564)**	(8,799)
Operating profit		**8,954**	7,384
Attributable to continuing operations		**9,106**	7,384
Attributable to acquisitions		**(152)**	-
Interest receivable and similar income	5	**14**	22
Interest payable and similar charges	6	**(68)**	(55)
Profit on sale of fixed assets		**229**	7
Profit on ordinary activities before taxation	2	**9,129**	7,358
Tax on profit on ordinary activities	7	**(1,847)**	(1,228)
Profit for the financial year	18	**7,282**	6,130

The Group had no recognised gains and losses other than those reflected in the profit and loss account.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

CONSOLIDATED BALANCE SHEET

as at 31 December 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets					
Goodwill	9		59		85
Negative goodwill	9		(1,392)		
Tangible assets	10		5,241		3,674
			3,908		3,759
Current assets					
Stocks	12	1,833		158	
Debtors	13	41,173		39,492	
Cash at bank and in hand		23,402		13,722	
		66,408		53,372	
Creditors: amounts falling due within one year	14	(48,817)		(41,744)	
Net current assets			17,591		11,628
Total assets less current liabilities			21,499		15,387
Creditors: amounts falling due after more than one year	15		(1,379)		(1,049)
Net assets			20,120		14,338
Capital and reserves					
Called up share capital	17		978		978
Profit and loss account	18		19,142		13,360
Total shareholders' funds			20,120		14,338

These financial statements on pages 13 to 35 were approved by the board of directors on 29 May 2015 and were signed on its behalf by:

J P Davies
Director
Company registered number: 02529939

COMPANY BALANCE SHEET

as at 31 December 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets	9		-		-
Tangible assets	10		4,449		3,674
Investments	11		1,500		1,500
			5,949		5,174
Current assets					
Stocks	12	475		158	
Debtors	13	38,187		38,756	
Cash at bank and in hand		22,657		14,587	
		61,319		53,501	
Creditors: amounts falling due within one year	14	(45,703)		(43,383)	
Net current assets			15,616		10,118
Total assets less current liabilities			21,565		15,292
Creditors: amounts falling due after more than one year	15		(1,379)		(1,049)
Net assets			20,186		14,243
Capital and reserves					
Called up share capital	17		978		978
Profit and loss account	18		19,208		13,265
Total shareholders' funds			20,186		14,243

These financial statements on pages 13 to 35 were approved by the board of directors on 29 May 2015 and were signed on its behalf by:

J P Davies
Director
Company registered number: 02529939

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2014

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Profit for the financial year	**7,282**	6,130	**7,443**	6,006
Dividends on shares classified in shareholders' funds	**(1,500)**	(2,600)	**(1,500)**	(2,600)
Net addition to shareholders' funds	**5,782**	3,530	**5,943**	3,406
Opening shareholders' funds	**14,338**	10,808	**14,243**	10,837
Closing shareholders' funds	**20,120**	14,338	**20,186**	14,243

STATEMENT OF 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 in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Esh Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2014. The merger accounting principles have been adopted. Under this method the companies, businesses and assets comprising the Esh Construction Limited Group are presented as if they had been part of this Group from the date on which they joined the Esh Holdings Limited group. This basis of accounting has been adopted in order to present a true and fair view.

As part of a group reorganisation agreement dated 23 December 2010 Esh Holdings Limited transferred its shares in Dunelm Property Services Limited (previously a fellow subsidiary undertaking) to Esh Construction Limited. The consideration for this transfer was left on inter company account.

As part of this reorganisation, the transfer of shares was not on terms that meet the requirements of Schedule 6 paragraph 10 of the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports Regulations 2008 (SI 2008 No. 410)). Consequently, FRS 6 requires that acquisition accounting principles should be used in respect of this transaction and that the assets and liabilities of the companies involved should be presented at fair value and to recognise any resulting goodwill.

The directors consider that to apply acquisition accounting to any part of the reorganisation would fail to give a true and fair view of the Group's state of affairs or results for shareholders as the ultimate shareholders remain the same before and after the reorganisation. Had this departure not been necessary the effect on these financial statements would have been to consolidate the financial statements of the subsidiary undertakings based on the fair values of the related assets and liabilities at 23 December 2010. Owing to the number and complexity of transactions involved, it is not practicable to quantify the effect of this departure.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Going concern

The Group and Company meets its financing requirements through its cash resources and debt associated with finance leases. The Company also has balances with other companies in the group headed by Esh Holdings Limited.

The Company is subject to a cross guarantee banking arrangement with its parent undertaking, Esh Holdings Limited, and certain other group undertakings. Dunelm Homes Limited (a fellow subsidiary undertaking) does not form part of this cross guarantee banking arrangement. Detailed information regarding the financial position of the group headed by Esh Holdings Limited, its cash flows, liquidity position and borrowing facilities are included in the financial statements of Esh Holdings Limited, which can be obtained from Companies House.

The group headed by Esh Holdings Limited recorded an operating profit of £11.6m in 2014 and had net assets at 31 December 2014 of £37.3m including cash of £32.4m.

The group headed by Esh Holdings Limited trades with a large number of customers and suppliers across a number of sectors and expects to meet its day to day working capital requirements through its existing considerable cash reserves and ongoing trade which remains profitable.

After making detailed enquiries and taking into account the factors discussed above, the Board is confident that the Company and the Group headed by Esh Construction Limited has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising on consolidation in respect of acquisitions in the year is included within fixed assets and released to the profit and loss accounts in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by instalments over their estimated useful economic lives as follows:

Freehold property - 4% per annum straight line

Plant and machinery - 20% reducing balance and 33% straight line

Fixtures, fitting and equipment - 33% straight line

Motor vehicles - 30% reducing balance

No depreciation is provided on freehold land.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable 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 cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Turnover includes the initial amount agreed in the contract plus any variations in contract work to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion of contracts is assessed by reference to completion of a physical proportion of the contract work. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

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

Financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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 tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

Turnover is measured at the fair value of consideration received or receivable net of discounts and VAT, provided that it can be measured reliably.

Turnover on long term contracts is recorded at cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years, as set out in the accounting policy for long term contracts.

Turnover on short term contracts is recognised when the contract is completed.

Turnover from services is recognised when the service has been performed.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

1. Turnover

All turnover arises in the United Kingdom from the following activities:

	2014 £'000	2013 £'000
Construction	**165,960**	124,887
Property services	**87,154**	57,980
	253,114	182,867

2. Notes to the profit and loss account

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	**495**	414
Leased assets	**695**	603
Amortisation of goodwill	**26**	26
Negative goodwill on acquisition of Border Construction	**(885)**	-
Hire of plant and machinery - operating leases	**11,491**	7,769
Hire of other assets – operating leases	**1,475**	1,465

Auditors' remuneration

	2014 £'000	2013 £'000
Audit of these financial statements	**77**	62
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**19**	8
Taxation compliance services	**-**	15

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

3. Remuneration of directors

	2014 £'000	2013 £'000
Directors' emoluments	**680**	598
Company contributions to money purchase pension schemes	**34**	27
	714	625

The aggregate of emoluments of the highest paid director were £181,473 (2013: £191,411) and company pension contributions of £1,201 (2013: £1,010) were made to a money purchase scheme on his behalf.

	Number of directors 2014	2013
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**6**	4

4. Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2014	2013
Production staff	**456**	367
Administrative staff	**420**	304
	876	671

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	**29,163**	22,119
Social security costs	**2,997**	2,283
Other pension costs (note 21)	**741**	497
	32,901	24,899

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

5. Other interest receivable and similar income

	2014 £'000	2013 £'000
Interest receivable from group undertakings	**14**	22

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Finance charges payable in respect of finance leases and hire purchase contracts	**68**	55

7. Taxation

Analysis of charge in period:

	2014 £'000	2013 £'000
UK corporation tax		
Current tax on income for the year	**1,916**	806
Group relief payable for the current year	**-**	360
Adjustments in respect of prior periods	**(40)**	8
Total current tax	**1,876**	1,174
Deferred tax (see note 16)		
Origination/reversal of timing differences	**(29)**	52
Effect of decreased tax rate	**-**	2
Total deferred tax	**(29)**	54
Tax charge on profit on ordinary activities	**1,847**	1,228

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

7. Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2013: lower) than the standard rate of corporation tax in the UK (20.49%, 2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	**9,129**	7,358
Current tax at 20.49% (2013: 23.25%)	**1,871**	1,711
Effects of:		
Expenses not deductible for tax purposes	**25**	22
Capital allowances for the year (in excess of)/less than depreciation	**(65)**	(2)
Utilisation of tax losses	**237**	-
Other timing differences	**(17)**	(14)
Group relief paid for at less than full UK tax rate	**(135)**	(551)
Adjustments in respect of prior periods	**(40)**	8
Total current tax charge (see above)	**1,876**	1,174

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 24% to 23% became effective from 1 April 2013 and 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 Group's future current tax charge accordingly.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

8. Dividends

The aggregate amount of dividends comprises:

	2014 £'000	2013 £'000
Interim dividends paid in respect of the current year	**1,500**	2,600

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £5,400,000.

9. Intangible assets

Group

	Negative goodwill £'000	**Goodwill £'000**	**Total £'000**
Cost			
At 1 January 2014	-	510	510
Additions	(2,277)	-	(2,277)
At 31 December 2014	**(2,277)**	**510**	**(1,767)**
Accumulated amortisation			
At beginning of year	-	425	425
Charged in year	(885)	26	(859)
At end of year	**(885)**	**451**	**(434)**
Net book value			
At 31 December 2014	**(1,392)**	**59**	**(1,333)**
At 31 December 2013	-	85	85

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

9. Intangible assets (continued)

Negative goodwill arose on the acquisition of Border Construction Limited during the year. The detail relating to the acquisition is as follows:

	£'000
Tangible assets	845
Stocks	1,396
Debtors: amounts falling due within one year	5,077
Creditors: amounts falling due within one year	(5,173)
Net assets acquired	**2,145**
Cash consideration	132
Negative goodwill	**2,277**

Goodwill of £251,000 arose on the acquisition of Wilkinson Facilities Services Limited on 31 May 2007. This is being amortised over 10 years which is the period over which the directors consider that the Group will derive continuing economic benefit.
Goodwill of £259,000 arose on the group acquisition of Stephen Easten Building Limited on 31 May 2006 and was fully amortised in the year of acquisition.

Company

	Goodwill £'000
Cost	
At beginning and end of year	**757**
Accumulated amortisation	
At beginning of year	757
Charged in year	-
At end of year	**757**
Net book value	
At 31 December 2014	**-**
At 31 December 2013	-

The goodwill arises in the Company on the acquisition of the trade and net liabilities of Stephen Easten Building Limited on 31 August 2009.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

10. Tangible assets

Group

	Freehold property £'000	Plant and machinery £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2014	12	3,589	487	4,291	8,379
Border acquisition	511	119	55	160	845
Additions	-	2,089	59	115	2,263
Disposals	-	(396)	(165)	(812)	(1,373)
At 31 December 2014	**523**	**5,401**	**436**	**3,754**	**10,114**
Accumulated Depreciation					
At 1 January 2014	11	1,995	471	2,229	4,705
Charge for year	8	515	27	640	1,190
On disposals	-	(302)	(165)	(555)	(1,022)
At 31 December 2014	**19**	**2,208**	**333**	**2,313**	**4,873**
Net book value					
At 31 December 2014	**504**	**3,193**	**103**	**1,441**	**5,241**
At 31 December 2013	1	1,594	16	2,063	3,674

Included in the total net book value is £3,311,008 (2013: £2,346,514) relating to assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £694,794 (2013: £603,149).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

10. Tangible assets (continued)

Company

	Freehold property £'000	Plant and machinery £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2014	12	3,562	185	4,050	7,809
Additions	-	2,015	60	115	2,190
Disposals	-	(355)	-	(677)	(1,032)
At 31 December 2014	**12**	**5,222**	**245**	**3,488**	**8,967**
Accumulated Depreciation					
At 1 January 2014	11	1,968	169	1,987	4,135
Charge for year	1	492	14	611	1,118
On disposals	-	(286)	-	(449)	(735)
At 31 December 2014	**12**	**2,174**	**183**	**2,149**	**4,518**
Net book value					
At 31 December 2014	**-**	**3,048**	**62**	**1,339**	**4,449**
At 31 December 2013	1	1,594	16	2,063	3,674

Included in the total net book value is £3,311,008 (2013: £2,346,514) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £694,794 (2013: £603,149).

11. Investments

Company

	Shares in group undertakings £'000
Cost and net book value	
At beginning and end of year	**1,500**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

11. Investments (continued)

The principal undertakings in which the Company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	**Class and percentage of shares held**	**Nature of business**
Stephen Easten Building Limited	100% Ordinary	Commercial builder
Border Construction Limited[1]	100% Ordinary	Civil engineering and building contractor
Border Construction (Holdings) Limited	100% Ordinary	Civil engineering and building contractor
Lumsden & Carroll Construction (Northern) Limited	100% Ordinary	Commercial builder
Dunelm Property Services Limited	100% Ordinary	Housing construction and refurbishment
Wilkinson Facilities Services Limited[1]	100% Ordinary	Building and maintenance services
Dunelm National Projects Limited[1]	100% Ordinary	Property development
David Wilkinson Building Contractors[1]	100% Ordinary	Dormant

[1]*Investment held indirectly*

All companies are incorporated in England.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

12. Stocks

	Group		**Company**	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Raw materials and consumables	**1,833**	158	**475**	158

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

13. Debtors

	Group		**Company**	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Trade debtors	**10,237**	5,080	**9,133**	4,617
Amounts recoverable on contracts	**27,314**	26,027	**24,214**	25,875
Amounts owed by group undertakings	**1,830**	6,067	**3,572**	5,909
Amounts owed by undertakings in which the ultimate parent company has a participating interest (note 22)	**140**	55	**140**	55
Deferred tax asset (note 16)	**480**	34	**24**	34
Other taxation	**-**	1,610	**-**	1,646
Other debtors	**35**	19	**32**	19
Prepayments and accrued income	**1,137**	600	**1,072**	601
	41,173	39,492	**38,187**	38,756

An element of the deferred tax asset is expected to be recovered over more than one year.

Amounts owed by group undertakings do not bear interest and are not secured.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

14. Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Obligations under finance leases and hire purchase contracts (note 15)	**1,235**	944	**1,235**	944
Payments received on account	**181**	2,089	**-**	2,089
Trade creditors	**9,713**	8,685	**9,354**	8,684
Amounts owed to group undertakings	**1,850**	1,577	**3,987**	3,832
Amounts owed to undertakings in which the ultimate parent company has a participating interest (note 22)	**19**	26	**19**	26
Corporation tax	**1,876**	806	**1,873**	806
Other taxation and social security	**1,800**	1,280	**1,531**	1,280
Other creditors	**1,318**	798	**1,121**	751
Accruals and deferred income	**30,825**	25,539	**26,583**	24,971
	48,817	41,744	**45,703**	43,383

Amounts owed to group undertakings do not bear interest and are not secured.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Obligations under finance leases and hire purchase contracts	**1,379**	1,049	**1,379**	1,049

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Within one year	**1,291**	992	**1,291**	992
In the second to fifth years	**1,406**	1,065	**1,406**	1,065
	2,697	2,057	**2,697**	2,057
Less future finance charges	**(83)**	(64)	**(83)**	(64)
	2,614	1,993	**2,614**	1,993

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

16. Deferred taxation

	Group £'000	Company £'000
At beginning of year – asset	34	34
Acquisition of Border Construction	417	-
Credit/(charge) to the profit and loss for the year	29	(10)
At end of year – asset	**480**	**24**

The elements of deferred taxation are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Differences between accumulated depreciation and capital allowances	**36**	34	**(5)**	34
Other timing differences	**41**	-	**-**	-
Losses	**403**	-	**29**	-
Deferred tax asset	**480**	34	**24**	34

17. Called-up share capital

	2014 Number of shares	**£000**	2013 Number of shares	£000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**978,150**	**978**	978,150	978

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

18. Profit and loss account

Group

	£'000
At 1 January 2014	13,360
Profit for the financial year	7,282
Dividends on shares classified in shareholders' funds	(1,500)
Transfers	-
At 31 December 2014	**19,142**

Company

	£'000
At 1 January 2014	13,265
Profit for the financial year	7,443
Dividends on shares classified in shareholders' funds	(1,500)
Transfers	-
At 31 December 2014	**19,208**

19. Contingent liabilities

The Company and Group are party to a group composite arrangement with certain of the companies in the Esh group under which overdrafts and cash can be offset. The total group liability and group overdraft at the year end was £4.1m (2013: £7.2m). The composite arrangement does not include Dunelm Homes Limited which has its own discrete banking arrangements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

20. Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	2014 £'000	2013 £'000
Group and Company		
Contracted	**54**	83

(b) Annual commitments under non-cancellable operating leases are as follows:

	Other		**Land and Buildings**	
	2014 £'000	**2013 £'000**	**2014 £'000**	2013 £'000
Group and Company				
Operating leases which expire:				
Within one year	-	-	**25**	48
In the second to fifth years inclusive	**240**	-	**20**	-
	240	-	**45**	**48**

With the exception of the above rent, all other operating losses are short term.

21. Pension scheme

Group

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £668,000 (2013: £497,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 (continued)

22. Related party disclosures

	Sales		Purchases		Debtors		Creditors	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Participating interests								
J Tonks (Transport) Ltd	**-**	-	**-**	466	**-**	-	**-**	11
Esh Space The Park Ltd	**1**	-	**-**	-	**41**	31	**-**	-
Climathus	**131**	-	**-**	-	**131**	-	**-**	-
Micropump (NE) Ltd	**22**	20	**38**	35	**25**	24	**6**	15
	23	20	**38**	501	**66**	55	**6**	26
Fellow subsidiaries								
Mechplant (North East) Ltd	**95**	89	**1,220**	858	**18**	25	**233**	204

Participating interests represent companies in which the ultimate parent company, Esh Holdings Limited, holds a participating interest. Mechplant (North East) Ltd is a subsidiary of Esh Holdings Limited, with 80% of the voting rights controlled within the Esh Group.

23. Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Esh Holdings Limited, the ultimate parent company incorporated in England and Wales.
The largest and smallest group in which the results of the Company are consolidated is that headed by Esh Holdings Limited, incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.
The directors do not consider there to be an individual ultimate controlling party.

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