

Company Registration No. 5714726

**ENGINEERING CONSTRUCTION
TRAINING LIMITED**

Report and Financial Statements

Fifteen month period ended 31 March 2013



ENGINEERING CONSTRUCTION TRAINING LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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ENGINEERING CONSTRUCTION TRAINING LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P A Emerson (retired on 05/06/13)

A D Dunsmore

D Larter (resigned on 25/10/13)

SECRETARY

J D Rhodes (resigned on 18/10/13)

REGISTERED OFFICE

Dalton Airfield Industrial Estate

Dalton

Thirsk

North Yorkshire

YO7 3JN

BANKERS

National Australia Bank Ltd

(Yorkshire Bank)

94 Albion Street

Leeds

LS1 6AG

SOLICITORS

Irwin Mitchell

21 Queen Street

Leeds

LS1 2TW

AUDITOR

Deloitte LLP

Chartered Accountants & Statutory Auditor

Leeds

ENGINEERING CONSTRUCTION TRAINING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for Engineering Construction Training Limited ("the Company") for the fifteen month period (the period') ended 31 March 2013. The Company changed its accounting reference date in the period having previously reported annual results to 31 December. The Company is a wholly owned subsidiary of Severfield-Rowen Plc (together with its subsidiaries "the Group"). This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

ACTIVITIES

The Company was established to undertake training within the construction industry, primarily for operatives employed by the Group and has traded since 2009.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Turnover is derived from the training of construction personnel, both internally and externally. Consequently, despite the current economic difficulties the directors are confident regarding the Company's future prospects.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the period are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (31 December 2011: £nil). A retained loss of £9,397 (31 December 2011: £5,407) has been transferred to reserves.

DIRECTORS

The composition of the Board is noted on page 1. Unless stated the directors served throughout the period and subsequently.

TREASURY

The Company's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The Company's principal financial instruments comprise cash and various trading items that arise directly from its operations.

GOING CONCERN

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors have considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and Group borrowing facilities and the risks and uncertainties relating to the Company's business activities. In the Group's statutory financial statements for the fifteen months ended 31 March 2013, information was provided on the then proposed equity fundraising (rights issue') which was approved by shareholders at the general meeting held on 18 March 2013. The rights issue completed on 5 April 2013, at which point the amendment and restatement of the existing facilities agreement ('Revised Facilities Agreement') with the Group's lenders became effective.

The key factor considered by the directors was the committed finance facilities to the Group, including both the level of the facilities and the banking covenants attached to them. In accordance with the Revised Facilities Agreement, to meet day-to-day working capital requirements, the Group has access to £20 million in credit facilities until 31 December 2013, when the facilities increase to £35 million until their expiry in November 2016.

The directors are in receipt of a letter of support from Severfield-Rowen Plc. Having considered all the factors impacting the Company's business, including downside sensitivities, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

ENGINEERING CONSTRUCTION TRAINING LIMITED

DIRECTORS' REPORT

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



A D Dunsmore
Director
17 December 2013

ENGINEERING CONSTRUCTION TRAINING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing their report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINEERING CONSTRUCTION TRAINING LIMITED

We have audited the financial statements of Engineering Construction Training Limited for the fifteen month period ended 31 March 2013 which comprise the balance sheet, the statement of total recognised gains and losses, the reconciliation of movement in shareholders' deficit and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we became aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its loss for the fifteen month period 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.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.


David M Johnson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK
17 December 2013

ENGINEERING CONSTRUCTION TRAINING LIMITED

PROFIT AND LOSS ACCOUNT

Fifteen month period 31 March 2013

	Note	Fifteen month period ended 31 March 2013 £	Year ended 31 December 2011 £
TURNOVER	2	311,822	242,967
Cost of sales		<u>(312,107)</u>	<u>(205,315)</u>
GROSS (LOSS)/PROFIT		(285)	37,652
Administrative expenses		<u>(11,914)</u>	<u>(42,543)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(12,199)	(4,891)
Tax on loss on ordinary activities	5	<u>2,802</u>	<u>(516)</u>
RETAINED LOSS FOR THE FINANCIAL PERIOD	11	<u><u>(9,397)</u></u>	<u><u>(5,407)</u></u>

All activities relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current and preceding financial periods other than as stated in the profit and loss account

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

There have been no other movements in shareholders' deficit during the current and the preceding financial periods other than as stated in the profit and loss account

ENGINEERING CONSTRUCTION TRAINING LIMITED

BALANCE SHEET 31 March 2013

	Note	31 March 2013 £	31 December 2011 £
FIXED ASSETS			
Tangible fixed assets	6	3,845	5,593
CURRENT ASSETS			
Debtors	7	2,547,241	2,478,673
CREDITORS: amounts falling due within one year	8	(2,764,782)	(2,688,565)
NET CURRENT LIABILITIES		<u>(217,541)</u>	<u>(209,892)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(213,696)</u>	<u>(204,299)</u>
NET LIABILITIES		<u>(213,696)</u>	<u>(204,299)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	<u>(213,796)</u>	<u>(204,399)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(213,696)</u>	<u>(204,299)</u>

The financial statements of the Company (registered number 5714726) were approved by the Board of Directors on 17 December 2013

Signed on behalf of the Board of Directors



A D Dunsmore
Director

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifteen month period ended 31 March 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the period and the preceding period.

Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements have been prepared on a going concern basis. Further details regarding the adoption of the going concern basis can be found in the directors' report.

Turnover

Turnover, which excludes value added tax, represents income received from providing training on various aspects of the construction industry. Turnover is recognised upon provision of service.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are held at cost, less accumulated depreciation and any provision for impairment. Depreciation is provided on fixed assets to write the cost of each asset over its estimated useful life at the following rates:

Motor vehicles	25% written down value
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Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of the Group. Accordingly the Company has taken advantage of the exemption under the terms of Financial Reporting Standard No. 1 not to publish a cash flow statement.

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifteen month period ended 31 March 2013

2. TURNOVER

The turnover, all of which arises in the United Kingdom, is attributable to the main activity of the Company

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

Loss before tax is stated after charging:

	Fifteen month period ended 31 March 2013 £	Year ended 31 December 2011 £
Depreciation of owned assets	1,748	1,865

Audit fees of £1,000 (2011 £1,000) were borne by another Group company in the current and preceding financial periods

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration was borne by another Group company in the current and prior period. It is not practicable to ascertain what proportion of this remuneration related to the Company. The Company has no employees (2011 none)

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) The tax (credit)/charge comprises

	Fifteen month period ended 31 March 2013 £	Year ended 31 December 2011 £
Current tax		
UK corporation tax charge at 24.4% (2011 26.5%)	(2,460)	(464)
Prior period (credit)/charge	(616)	916
	<u>(3,076)</u>	<u>452</u>
Deferred tax		
Current period charge	40	64
Prior period charge	234	-
	<u>274</u>	<u>64</u>
	<u>(2,802)</u>	<u>516</u>

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifteen month period ended 31 March 2013

5. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

(b) Tax reconciliation

The difference between the current tax shown above and the amount calculated by applying the average rate of UK corporation tax to the loss is as follows

	Fifteen month period ended 31 March 2013 £	Year ended 31 December 2011 £
Loss on ordinary activities before tax	(12,199)	(4,891)
Tax at average UK corporation tax rate of 24.4% (2011: 26.5%)	(2,977)	(1,296)
Expenses not deductible for tax purposes	-	816
Capital allowances in excess of depreciation	(40)	(29)
Movement in other short term timing differences	-	(35)
Other timing differences	494	80
Rate differences	63	-
Prior period charge	(616)	916
	<u>(3,076)</u>	<u>452</u>

The UK Government announced in March 2012 that it intended to reduce the main rate of UK corporation tax from 25% to 23% and Finance Act 2012, which was substantively enacted on 17 July 2012, included provisions to reduce the rate of corporation tax to 23% with effect from 1 April 2013. Accordingly, deferred tax balances have been revalued to the lower rate of 23% in these accounts.

The UK Government announced in March 2013 it intends to enact further reductions of the main rate of corporation tax, reducing it to 21% with effect from 1 April 2014 and then by a further 1% to 20% by 1 April 2015. As this legislation was not substantively enacted by 31 March 2013, the impact of the anticipated rate change is not reflected in the tax provisions reported in these accounts.

6. TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
At 1 January 2012 and 31 March 2013	19,430
Depreciation	
At 1 January 2012	13,837
Charge in period	1,748
At 31 March 2013	15,585
Net book value	
At 31 March 2013	3,845
At 31 December 2011	5,593

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifteen month period ended 31 March 2013

7. DEBTORS

	31 March 2013 £	31 December 2011 £
Amounts due within one year		
Trade debtors	-	25,753
Other debtors	175	77,777
Amount owed by parent company	15,562	-
Amounts owed by Group companies	2,528,308	2,373,669
Corporation tax	2,460	464
Deferred tax (note 9)	736	1,010
	<u>2,547,241</u>	<u>2,478,673</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2013 £	31 December 2011 £
Trade creditors	8,907	9,645
Amounts owed to parent company	-	25,985
Amounts owed to Group companies	2,584,439	2,566,269
Other taxation and social security	1,451	7,395
Other creditors and accruals	1,127	78,010
Bank overdraft	168,864	1,261
	<u>2,764,782</u>	<u>2,688,565</u>

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifteen month period ended 31 March 2013

9. DEFERRED TAXATION

	31 March 2013 £	31 December 2011 £
Deferred taxation asset		
Deferred taxation movement for the period		
At start of period	(1,010)	(1,074)
Current period charge	40	64
Prior period charge	234	-
At end of period	<u>(736)</u>	<u>(1,010)</u>

The amounts of deferred taxation provided were as follows

	31 March 2013 £	31 December 2011 £
Accelerated capital allowances	(736)	(724)
Short term timing differences	-	(286)
At end of period	<u>(736)</u>	<u>(1,010)</u>

10. CALLED UP SHARE CAPITAL

	31 March 2013 £	31 December 2011 £
Authorised, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. PROFIT AND LOSS ACCOUNT

	31 March 2013 £	31 December 2011 £
At start of period	(204,399)	(198,992)
Loss for the financial period	(9,397)	(5,407)
At end of period	<u>(213,796)</u>	<u>(204,399)</u>

12. CONTINGENT LIABILITIES

The Company is party to a composite guarantee in favour of its bankers to secure the borrowings of Group companies. At 31 March 2013 the total borrowings of the other Group companies amounted to £40,000,000 (2011 £40,000,000)

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Fifteen month period ended 31 March 2013

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted in paragraph 3(c) of Financial Reporting Standard No 8 not to disclose related party transactions with other Group companies

There were no other related party transactions in the period (2011 none)

14. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company and ultimate controlling party is Severfield-Rowen Plc, a company incorporated in Great Britain and registered in England and Wales, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the Group financial statements can be obtained from Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN

15. POST BALANCE SHEET EVENT

On 18 March 2013, at the general meeting, the Group received shareholder approval for a 7.3 rights issue of up to 208,252,511 new ordinary shares at 23 pence per share. The rights issue completed on 5 April 2013 with the Group receiving net proceeds of £44,756,000 consisting of gross proceeds of £47,898,000 offset by transaction costs of £3,142,000.

On completion of the rights issue, the amendment and restatement of the existing facilities agreement with the Group's lenders became effective. Under the revised facilities agreement, the Group has access to a revolving credit facility of £20,000,000 until December 2013, when the facility increases to £35,000,000 until its expiry in November 2016.