

**ENGINEERING CONSTRUCTION
TRAINING LIMITED**

Report and Financial Statements

Year ended 31 March 2015

TUESDAY



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ENGINEERING CONSTRUCTION TRAINING LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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ENGINEERING CONSTRUCTION TRAINING LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

A D Dunsmore

REGISTERED OFFICE

Severs House
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

DIRECTOR'S REPORT

The director presents his report and the audited financial statements for Engineering Construction Training Limited ("the Company") for the year ended 31 March 2015. The Company is a wholly owned subsidiary of Severfield plc (together with its subsidiaries "the Group"). This director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and no strategic report is presented, in accordance with these provisions.

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

In prior years, the Company's turnover was derived from the training of construction personnel, both internally and externally. Following the re-organisation of the Group in the period ended 31 March 2013, the activities of the Company has been scaled down and during the year ended 31 March 2015, the Company ceased to trade. The Company retains the continued support of the parent company, Severfield plc. There is no material difference between the carrying values of the Company's assets and liabilities and their recoverable amounts.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in the profit and loss account on page 6. The director does not recommend the payment of a dividend (2014: £nil). A retained profit of £1,076 (2014: loss of £33,277) has been transferred to reserves.

DIRECTORS

The composition of the board is noted on page 1. Unless stated the director served throughout the year 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 items, such as trade debtors and trade creditors that arise directly from its operations.

GOING CONCERN

In accordance with FRS18, the director has prepared the accounts on a basis other than going concern. No adjustments have arisen from ceasing to apply the going concern basis. The parent company has indicated its support to enable the Company to discharge all future liabilities.

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.

ENGINEERING CONSTRUCTION TRAINING LIMITED

DIRECTOR'S REPORT

Deloitte LLP acted as auditor for the Company for the year ended 31 March 2015. KPMG LLP was appointed as auditor for the Company for the financial year commencing on 1 April 2015 and a resolution confirming this appointment 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
27 August 2015

ENGINEERING CONSTRUCTION TRAINING LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 year ended 31 March 2015 which comprise the profit and loss account, balance sheet, the statement of total recognised gains and losses, the reconciliation of movement in shareholders' deficit and the related notes 1 to 13. 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 director's responsibilities statement, the director is 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 director; 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 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.

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 2015 and of its profit for 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from preparing a strategic report or in preparing the director's report.

P Feechan

Paul Feechan (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK
27 August 2015

ENGINEERING CONSTRUCTION TRAINING LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2015

| | Note | Year ended 31 March 2015 £ | Year ended 31 March 2014 £ |
|---|------|-------------------------------------|-------------------------------------|
| TURNOVER | 2 | - | 56,545 |
| Cost of sales | | - | (98,253) |
| GROSS LOSS | | - | (41,708) |
| Administrative income/(expenses) | | 795 | (968) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | 3 | 795 | (42,676) |
| Tax on profit/(loss) on ordinary activities | 5 | 281 | 9,399 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | 10 | <u>1,076</u> | <u>(33,277)</u> |

All activities relate to discontinued operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

ENGINEERING CONSTRUCTION TRAINING LIMITED

BALANCE SHEET 31 March 2015

| | Note | 31 March 2015 £ | 31 March 2014 £ |
|---|------|-----------------------|-----------------------|
| CURRENT ASSETS | | | |
| Debtors | 6 | 26,037 | 33,402 |
| Cash at bank | | 5,102 | - |
| | | <u>31,139</u> | <u>33,402</u> |
| CREDITORS: amounts falling due within one year | 7 | <u>(277,036)</u> | <u>(280,375)</u> |
| NET LIABILITIES | | <u>(245,897)</u> | <u>(246,973)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 100 | 100 |
| Profit and loss account | 10 | <u>(245,997)</u> | <u>(247,073)</u> |
| TOTAL SHAREHOLDERS' DEFICIT | | <u>(245,897)</u> | <u>(246,973)</u> |

The financial statements of the Company (registered number 5714726) were approved by the board of directors on 27 August 2015.

Signed on behalf of the board of directors



A D Dunsmore
Director

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

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 year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention. In accordance with FRS18, the director has prepared the accounts on a basis other than going concern. No adjustments have arisen from ceasing to apply the going concern basis. The parent company has indicated its support to enable the Company to discharge all future liabilities.

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.

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

Year ended 31 March 2015

2. TURNOVER

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

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

Profit/(loss) before tax is stated after charging:

| | Year ended 31 March 2015 £ | Year ended 31 March 2014 £ |
|------------------------------|-------------------------------------|-------------------------------------|
| Depreciation of owned assets | - | 160 |

Audit fees of £1,000 (2014: £1,000) were borne by another Group company in the current and preceding financial years.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Director's remuneration was borne by another Group company in the current and prior year. It is not practicable to ascertain what proportion of this remuneration related to the Company. The Company has no employees (2014: none).

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) The tax credit comprises:

| | Year ended 31 March 2015 £ | Year ended 31 March 2015 £ |
|---|-------------------------------------|-------------------------------------|
| Current tax | | |
| UK corporation tax charge/(credit) at 21.0% (2014: 23.0%) | 102 | (9,603) |
| Prior year credit | (283) | (132) |
| | <u>(181)</u> | <u>(9,735)</u> |
| Deferred tax | | |
| Current year charge | 100 | 350 |
| Prior year credit | (200) | (14) |
| | <u>(100)</u> | <u>336</u> |
| | <u>(281)</u> | <u>(9,399)</u> |

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

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:

| | Year ended 31 March 2015 £ | Year ended 31 March 2015 £ |
|---|-------------------------------------|-------------------------------------|
| Profit/(loss) on ordinary activities before tax | 795 | (42,676) |
| Tax at average UK corporation tax rate of 21.0% (2014: 23.0%) | 167 | (9,815) |
| Expenses not deductible for tax purposes | (65) | 460 |
| Capital allowances in excess of depreciation | - | (248) |
| Prior year credit | (283) | (132) |
| | <u>(181)</u> | <u>(9,735)</u> |

The Finance Act 2013, which was substantively enacted on 17 July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly 20% has been applied when calculating deferred tax assets and liabilities as at 31 March 2015.

The Government has subsequently announced on 8 June 2015, that the rates of corporation tax will be further reduced to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation has not been substantively enacted these rates do not apply to the deferred tax position at 31 March 2015.

6. DEBTORS

| | 31 March 2015 £ | 31 March 2014 £ |
|-------------------------------------|-----------------------|-----------------------|
| Amounts due within one year: | | |
| Other debtors | 100 | 13 |
| Amount owed by parent company | 10,290 | 6,260 |
| Amounts owed by Group companies | 15,147 | 17,126 |
| Corporation tax | - | 9,603 |
| Deferred tax (note 8) | 500 | 400 |
| | <u>26,037</u> | <u>33,402</u> |

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2015

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31 March 2015 £ | 31 March 2014 £ |
|------------------------------------|-----------------------|-----------------------|
| Trade creditors | | - |
| Amounts owed to Group companies | 276,827 | 56,909 |
| Other taxation and social security | 110 | 54 |
| Other creditors and accruals | - | 279 |
| Corporation tax | 102 | - |
| Bank overdraft | - | 223,133 |
| | <u>277,036</u> | <u>280,375</u> |

8. DEFERRED TAXATION

| | 31 March 2015 £ | 31 March 2014 £ |
|--|-----------------------|-----------------------|
| Deferred taxation asset | | |
| Deferred taxation movement for the year: | | |
| At start of year | (400) | (736) |
| Current year charge | 100 | 350 |
| Prior year charge | (200) | (14) |
| | <u>(500)</u> | <u>(400)</u> |
| At end of year | | |

The amounts of deferred taxation provided were as follows:

| | 31 March 2015 £ | 31 March 2014 £ |
|--------------------------------|-----------------------|-----------------------|
| Accelerated capital allowances | (500) | (400) |
| | <u>(500)</u> | <u>(400)</u> |

9. CALLED UP SHARE CAPITAL

| | 31 March 2015 £ | 31 March 2014 £ |
|--|-----------------------|-----------------------|
| Authorised, allotted and fully paid | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |

10. PROFIT AND LOSS ACCOUNT

| | 31 March 2015 £ | 31 March 2014 £ |
|--------------------------------------|-----------------------|-----------------------|
| At start of year | (247,073) | (213,796) |
| Profit/(loss) for the financial year | 1,076 | (33,277) |
| At end of year | <u>(245,997)</u> | <u>(247,073)</u> |

ENGINEERING CONSTRUCTION TRAINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

11. 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 2015 the Group's revolving credit facility amounted to £15,000,000 (2014: £25,000,000). At 31 March 2015, £nil had been drawn down on the facility (2014: £5,000,000).

12. 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 year (2014: none).

13. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Severfield plc (for which consolidated accounts are prepared), a company incorporated in Great Britain and registered in England and Wales. Copies of the Group financial statements can be obtained from Severs House, Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN.