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May Gurney Estates Limited
Financial statements
For the year ended
31 March 2013

Company no 216679

May Gurney Estates Limited
Financial statements for the year ended 31 March 2013

Company information

Company registration number	216679
Registered office	Trowse Norwich NR14 8SZ
Directors	Willie MacDiarmid (Chief Executive) Mark Hazlewood (Finance Director)
Secretary	Simon Howell BA (Hons) ACIS
Bankers	Bank of Scotland plc Endeavour House Chivers Way Histon Cambridge CB24 9ZR
Auditors	Grant Thornton UK LLP Chartered Accountants Grant Thornton House Melton Street London NW1 2EP

May Gurney Estates Limited
Financial statements for the year ended 31 March 2013

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Report of the directors

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

Principal activities

The company's principal activities comprise the holding and development of property

Business review

The results in brief are

	2013 £'000	2012 £'000
Profit before taxation	738	543

In terms of Key Performance Indicators, the rent receivable in the year was in line with expectations

Property, plant and equipment

In the opinion of the directors the market value of the freehold land and buildings is not less than the carrying value in the financial statements

Dividend

Dividends paid in the year amounted to £nil (2012 £nil)

Directors

The directors who held office during the year were as follows

P W Fellowes-Prynne (resigned 6 September 2012)
W MacDiarmid (appointed 6 September 2012)
M Hazlewood

Financial risk management objectives and policies

The company's exposure to financial risk is not deemed to be significant The aim of the company's financial risk management policies is to minimise potential adverse effects on financial performance and net assets

The company does not have any foreign currency transactions, hence is not exposed to foreign currency risk Exposure to interest rate risk is limited as the company has no borrowings Interest on inter-company balances is charged at 0 75% The directors do not consider there to be any price risk relating to equity instruments Exposure to credit risk and liquidity risk is limited due to the majority of transactions occurring between group companies

Directors' liability insurance

The company maintains liability insurance for the directors and officers of all Group companies The directors and officers have also been granted a qualifying third party provision under section 234 of the Companies Act 2006 Neither the Group's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly

Employee involvement

The company places considerable value on the involvement of its employees and encourages the development of employee involvement through formal and informal meetings It is the company's policy to ensure that all employees are made aware of significant matters affecting the performance of the company through the operation of employee forums, information bulletins, informal meetings, team briefings internal newsletters and the company's website and intranet

Employment policy

The company is an Equal Opportunity Employer and its policy is to ensure that all employees and job applicants will be given equal opportunity, irrespective of their sex, race ethnic origin disability age, marital status, sexual orientation or religious affiliation in all aspects of employment and training, and that no such person is placed at a disadvantage by requirements or conditions which cannot be shown to be justified

Report of the directors (continued)

The company encourages, where practicable, the employment of disabled people and the retention of those who become disabled during their employment with the company

Within the bounds of commercial confidentiality, management disseminates information to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees

Corporate responsibility policy

The company s business impacts on the lives of everyone who lives in, or uses, the communities it serves – now and in the future Therefore, its corporate responsibility is to deliver social and environmental sustainability in everything it does At May Gurney Estates, corporate responsibility is much more than just a set of policies, it is delivered on the ground, every day through its operational teams working in partnership with its customers, customers customers, supply chain and local communities The company creates value in five key areas, closely aligned to its stakeholders social and environmental sustainability agendas These are Climate Change (carbon reduction), Sustainable Resources (using resources responsibly), Community Investment (changing behaviours and helping to create a better society), Waste Minimisation (addressing the need to reduce waste), and Biodiversity & Eco-systems (developing a holistic approach to environmental management)

The company recognises the benefits of sustainability and protecting the environment whilst delivering its services and associated activities All company activities are carried out in a way that manages environmental impact, fulfils opportunities to enhance the environment, prevents pollution, minimises waste, controls noise uses materials and resources efficiently, and protects wildlife

The company complies with environmental legislation and environmental codes of practice applicable to its industry

Health and safety policy

It is company policy to fulfil its duties under the Health and Safety at Work Act 1974 and all other associated acts and legal obligations applicable to its industry In order to achieve the standards required, line management will provide suitable and sufficient resources and properly trained supervision to ensure all work places can carry out their activities in a safe manner

It is the responsibility of the company's management at all levels to be conversant with the contents of the policy and to plan work such that foreseeable risks are identified and reduced to an acceptable level through the implementation of risk assessments All employees must take care of the health and safety of themselves and actively participate and co-operate with the company to enable the company to discharge its statutory responsibilities and fulfil its desire for continual improvement in all safety, health and welfare matters

The Bribery Act 2010

The Bribery Act 2010 came into effect on 1 July 2011 The objectives and provisions of the Act accord with the values May Gurney Estates applies in all its business dealings and which are reflected in its policies and procedures already in place As part of its compliance with the provisions of the Bribery Act the Company's policies and procedures were reviewed and appropriate training was provided to staff, with a view to ensuring ongoing compliance with the standards of the Act

Donations

The company made charitable donations of £Nil (2012 £Nil)

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) The financial statements are required by law to 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 directors are required to

Report of the directors (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable IFRSs 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 maintaining proper accounting records that 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Going concern

Detailed cash flow forecasts are prepared and regularly reviewed by the Board to assess the Company's financial position The business is forecast to remain cash generative and to have adequate resources to meet its future obligations The Company's resources are supported by its ultimate parent company May Gurney Integrated Services plc

The directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future On these grounds the Board has continued to adopt the going concern basis for the preparation of the financial statements

BY ORDER OF THE BOARD

S J Howell
Secretary
8 July 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MAY GURNEY ESTATES LIMITED

We have audited the financial statements of May Gurney Estates Limited for the year ended 31 March 2013 which comprise the income statement, the statement of comprehensive income the statement of changes in equity the statement of financial position, the statement of cash flows and notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006

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 auditors
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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 profit for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, 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 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 directors remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Philip Westerman BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor Chartered Accountants
London
8 July 2013

Accounting policies

Nature of operations

The principal activities of the company during the year were that of holding and development of property

The company is incorporated and domiciled in the United Kingdom The registered office is in Trowse, Norwich, UK The presentation currency used is GB Pound Sterling and figures are quoted to the nearest £1,000

The principal accounting policies adopted in the presentation of these financial statements are set out below These policies have been consistently applied to the periods presented unless otherwise stated

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared on the historical cost basis with the exception of some revalued property and certain financial instruments, which are recognised using accounting policies as set out below and applied consistently

Consolidated financial statements, incorporating the results of the Company, are prepared by the ultimate parent company May Gurney Integrated Services plc, a company incorporated in England

The directors believe the Company's existing funding is sufficient for the needs of the business for the foreseeable future and for at least twelve months from the date of approval of these financial statements The directors accordingly consider it appropriate for these financial statements to be prepared on a going concern basis

Adoption of new and revised International Financial Reporting Standards

In the year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2012

Changes in accounting policy

The following standards and interpretations came into effect and were adopted in the current period but had no effect on the financial statements

IFRS 1 (amended) Severe hyperinflation and Removal of fixed dates for first-time adopters,
IFRS 7 (amended) Financial instruments disclosures,
IAS 12 (amended) Income taxes - deferred tax recovery of underlying assets

At the date of authorisation of these financial statements the following standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements

IFRS 1 (amended) Government loan with a below-market rate of interest and Repeat application, Borrowing costs,
IFRS 7 (amended) Offsetting of assets and liabilities and Deferral of mandatory effective date of IFRS 9,
IFRS 9 Financial Instruments - Classification and measurement and Deferral of mandatory effective date of IFRS 9
IFRS 10 Consolidated financial statements,
IFRS 11 Joint arrangements
IFRS 12 Disclosure of interests in other entities,
IFRS 13 Fair value measurement,
IAS 1 Presentation of financial statements - items in other comprehensive income and Comparative information,
IAS 16 Property, Plant and Equipment – Amendments re servicing equipment,
IAS 19 (amended) Employee benefits,
IAS 27 Separate financial statements,
IAS 28 Investments in associates and joint ventures,
IAS 32 Financial Instruments Presentation - Offsetting of assets and liabilities and Tax effect of equity distributions, and
IAS 34 Interim Financial Reporting - Amendments re interim reporting of segment assets

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company

Accounting policies (continued)

Depreciation

Depreciation of property plant and equipment is calculated so as to write off their cost or valuation on a straight line basis over their expected economic lives The annual rates of depreciation are as follows

Freehold land	-	not depreciated
Freehold buildings	-	between 20 to 50 years

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax payable in respect of the year is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date

Deferred tax is calculated based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Pension contributions

The company participates in the May Gurney Pension Scheme which provides benefits based on final pensionable salary Contributions are paid in accordance with the instructions of May Gurney Integrated Services plc

Regular pension costs are established in accordance with the recommendations of an independent actuary The current actuarial surplus has been spread over the remaining service lives of employees The company is unable to identify its share of the underlying assets and liabilities of the group scheme and consequently accounts for pension costs as though the scheme is a defined contribution scheme, charging them to the profit and loss account in the year in which they accrue

Revenue

Revenue represents rent receivable from group companies, excluding value added tax Rental income is recognised in the period to which it relates

Financial instruments

The financial instruments used by the company comprise net funds, receivables and payables

(a) Receivables do not carry any interest and are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance for estimated irrecoverable amounts

(b) Payables are not interest bearing and are initially stated at their fair value and subsequently measured at amortised cost

(c) Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities

(d) Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

(e) The company has a policy of not trading in financial instruments The company currently has no derivative instruments and sees no immediate requirement for any

Accounting policies (continued)

Accounting for financial assets

Financial assets consist of receivables, along with cash and cash equivalents

An assessment of whether a financial asset is impaired is made at least at each reporting date For receivables, this is based on the latest credit information available, i e recent counterparty defaults and external credit ratings Financial assets that are substantially past due are also considered for impairment All income and expense relating to financial assets are recognised in the income statement account line item "finance costs" or "finance income", respectively

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are subsequently measured at amortised cost using the effective interest method, less provision for impairment Any change in their value is recognised in the income statement The company's trade and other receivables fall into this category of financial instruments

Individual receivables are considered for impairment when they are past due at the financial reporting date or when objective evidence is received that a specific counterparty will default All other receivables are reviewed for impairment in groups, which are determined by reference to the industry of a counterparty The percentage of the write down is then based on recent historical counterparty default rates for each identified group

Accounting for financial liabilities

The company s financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included in the income statement line items "finance costs" or "finance income "

Income statement

	Note	2013	2012
		£'000	£'000
Revenue		827	855
Net operating costs	1	(133)	(375)
Operating profit		694	480
Finance income	4	44	75
Finance costs	4	-	(12)
Profit before taxation		738	543
Taxation	5	(211)	(163)
Profit for the year from continuing operations	14	527	380

Statement of comprehensive income

	2013 £'000	2012 £ 000
Profit for the year	527	380
Deferred taxation on revaluation surplus	2	8
Other comprehensive income for the year	2	8
Total comprehensive income for the year attributable to equity holders	529	388

The accompanying accounting policies and notes form an integral part of these financial statements

Statement of changes in equity

	Share capital £'000	Revaluation Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March and 1 Apnl 2011	354	198	10 451	11,003
Profit for the year	-	-	380	380
Other comprehensıve ıncome				
Transfer between reserves	-	8	-	8
Deferred taxatıon on revaluatıon surplus	-	(10)	10	-
Total comprehensıve ıncome for the year	-	(2)	390	388
Balance at 31 March and 1 April 2012	**354**	**196**	**10,841**	**11,391**
Profit for the year	-	-	527	**527**
Other comprehensıve ıncome				
Deferred taxatıon on revaluatıon surplus	-	2	-	**2**
Transfer between reserves	-	-	-	-
Total comprehensıve ıncome for the year	-	2	527	**529**
Balance at 31 March 2013	**354**	**198**	**11,368**	**11,920**

The accompanyıng accountıng polıcıes and notes form an ıntegral part of these financıal statements

Statement of financial position

	Note	2013		2012	
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	6		2,518		2 608
Current assets					
Cash and cash equivalents		164		161	
Trade and other receivables	7	11,446		11,024	
			11,610		11,185
Total assets			14,128		13,793
Current liabilities					
Trade and other payables	9	(1,821)		(2,224)	
Current tax liabilities		(378)		(167)	
			(2,199)		(2,391)
Non-current liabilities					
Deferred tax liability	8		(9)		(11)
Total liabilities			(2,208)		(2,402)
Net assets			11,920		11 391
Equity					
Share capital	12		354		354
Revaluation reserve	13		198		196
Retained earnings	14		11,368		10,841
Total equity			11,920		11,391

These financial statements were approved by the board of directors on 8 July 2013 and signed on its behalf by

M. Hazlewood

Mark Hazlewood
Director
Company registration number 216679

Statement of cash flows

	Note	2013 £'000	2012 £'000
Net cash from operating activities			
Operating profit		**694**	480
Non-cash items		**90**	(52)
Working capital movement		**(783)**	(4,071)
Cash generated from/(used in) operations	18	**1**	(3,643)
Corporation tax paid		**-**	(153)
Interest received		**2**	50
Interest paid		**-**	(12)
Net cash generated from/(used in) operating activities		**3**	(3,758)
Cash flows from investing activities			
Purchase of property, plant and equipment		**-**	(1,345)
Proceeds from sale of property, plant and equipment		**-**	120
Net cash used in investing activities		**-**	(1,225)
Increase/(decrease) in cash and cash equivalents		**3**	(4,983)
Opening cash and cash equivalents		**161**	5,144
Closing cash and cash equivalents		**164**	161

Notes to the annual report and accounts

1 Net operating costs

	2013 £'000	2012 £'000
Depreciation charge (note 6)	90	47
Profit on sale of freehold property (note 6)	-	(99)
Auditors' remuneration – audit fees	14	14
Management fee income	(377)	(257)
Other administration costs	406	670
	133	375

2 Staff numbers and costs

The average number of persons (including directors) employed during the year was as follows

	Number of employees 2013	2012
Administration	5	5
	5	5

The aggregate payroll costs of those employees were

	2013 £'000	2012 £'000
Salaries	95	93
Social security costs	5	5
Other pension costs (note 15)	-	5
	100	103

3 Emoluments of directors

	2013 £'000	2012 £'000
As executives - salary and benefits	-	-

There are no (2012 £Nil) retirement benefits accruing to directors under the May Gurney Pension Scheme, a defined benefit scheme

4 Finance income and costs

Finance income	2013 £'000	2012 £'000
Interest receivable from short-term bank deposits	2	50
Interest receivable from group undertakings	42	25
	44	75

Finance costs		
Interest payable on under-payment of corporation tax	-	(12)
	-	(12)

5 Taxation

(a) Analysis of charge for the year

	2013 £'000	2012 £'000
Current tax		
Corporation tax on profit for the year	211	167
(Over)/under provision in respect of previous year	-	(8)
Total current tax (note 5(b))	211	159
Deferred tax		
Origination and reversal of timing differences	-	4
Adjustment to the estimated recoverable amount of deferred tax assets arising in the previous year	-	-
Total deferred tax	-	4
Total tax charge for the year	211	163

(b) Factors affecting the taxation charge for the year

The taxation assessed for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	2013 £'000	2012 £'000
Profit before tax	738	543
Profit multiplied by standard rate of corporation tax in the UK of 24% (2012 26%) - expected charge	177	141
Effects of		
Expenses not deductible for tax purposes	13	14
Depreciation in excess of capital allowances and other timing differences	21	42
Profit on disposal of land and buildings	-	(26)
Over provision in respect of previous year	-	(8)
Total tax charge for year (note 5(a))	211	163

6 Property, plant and equipment

	Freehold land and buildings £'000
Cost or valuation	
At 1 April 2011	2 504
Additions	1,345
Disposals	(18)
At 1 April 2012	3,831
Additions	-
Disposals	-
At 31 March 2013	3,831
Depreciation	
At 1 April 2011	1,176
Charge for the year	47
At 1 April 2012	1,223
Charge for the year	90
At 31 March 2013	1,313
Net book value at 31 March 2013	**2,518**
Net book value at 31 March 2012	2,608

Freehold land and buildings are held at cost or open market value as follows

	2013 £'000	2012 £'000
Valuation at 31 March 1995	**685**	685
Cost	**3,146**	3,146
	3,831	3,831

	2013 £'000	2012 £'000
Freehold land and buildings includes land which is not depreciated	**619**	619

The book values of freehold land and buildings under the historical cost convention would be as follows

	2013 £'000	2012 £'000
Cost	**3,664**	3 664
Accumulated depreciation	**(1,234)**	(1,144)
Net book value	**2,430**	2,520

Profit on sale of property, plant and equipment comprised the following

	2013 £'000	2012 £'000
Sale of freehold land at Ludham	-	99
	-	99

7 Trade and other receivables

	2013 £'000	2012 £'000
Amounts due from group undertakings (note 10)	11,328	10,839
Other receivables	59	144
Prepayments and accrued income	59	41
	11,446	11,024

Trade and other receivables are initially stated at their fair value and subsequently measured at amortised cost as reduced by appropriate allowance for estimated irrecoverable amounts The directors consider that the carrying values of current trade and other receivables approximate their fair values

Trade and other receivables have been reviewed for indicators of impairment No trade receivables were found to be potentially impaired and so no provision is necessary

The Company's receivables at 31 March 2013 and 2012 are considered neither past due nor impaired

Credit risk

Exposure to credit risk is disclosed in note 11 The Company has no renegotiated trade and other receivables and does not hold any collateral in respect of its trade and other receivables

8 Deferred tax liability

	2013 £'000	2012 £'000
At 1 April 2012	(11)	(15)
Transfer from revaluation reserve (note 13)	2	8
Income statement debit	-	(4)
At 31 March 2013	(9)	(11)

Deferred taxation at 23% (2012 24%), calculated using the liability method, is in respect of

	2013 £'000	2012 £'000
Excess capital allowances	3	3
Deferred tax on revalued properties	(59)	(61)
Other temporary differences	47	47
Deferred tax liability	(9)	(11)

9 Current trade and other payables

	2013 £'000	2012 £'000
Trade payables	-	192
Amounts owed to group undertakings (note 10)	1,664	1,688
Accruals and deferred income	157	344
	1,821	2 224

Trade and other payables are initially stated at their fair value and subsequently measured at amortised cost The directors consider that the carrying values of current trade and other payables approximate their fair values

10 Group undertakings

	2013 £'000	2012 £'000
Amounts owed by		
Ultimate parent undertaking	-	-
Intermediate parent undertaking	**1,940**	1,940
Fellow subsidiary undertakings	**9,388**	8 899
	11,328	10,839
Amounts owed to		
Ultimate parent undertaking	**(54)**	(53)
Fellow subsidiary undertakings	**(1,610)**	(1,635)
	(1,664)	(1,688)
Net amount owed by group undertakings	**9,664**	9,151

11 Financial instruments

Capital risk management

The company manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital
The capital structure of the company comprises equity attributable to equity holders of May Gurney Estates Limited consisting of issued ordinary share capital and retained earnings as disclosed in Notes 12 and 14

Financial risk management

Financial risk management is an integral part of the way the company is managed In the course of its business, the company is exposed primarily to credit risk and liquidity risk The overall aim of the company's financial risk management policies is to minimise potential adverse effects on financial performance and net assets
The company's finance department manages the principal financial risks within policies and operating parameters approved by the Board of directors

Foreign currency risk

The company does not have significant foreign currency transactions and exposure to foreign currency risk is therefore minimal Accordingly, these financial statements do not include any sensitivity analysis in respect of currency risk

Interest rate risk

Interest rate risk arises on the company's group balances A 1% increase/decrease in the Bank of England base rate would lead to a £55,000 increase/decrease in the company's finance income

Price risk

The directors do not consider there to be any price risk relating to equity instruments and hence no need for any related disclosures

Credit risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, namely trade and other receivables

The company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used The company's policy is to deal only with creditworthy counterparties
The company's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due An analysis of amounts that are past due but not impaired is shown in note 7

None of the company's financial assets are secured by collateral or other credit enhancements

11 Financial Instruments (continued)

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

The company has no significant concentration of credit risk in respect of amounts due from contract customers or trade receivable balances at the reporting date

Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business Liquidity needs are monitored in various time bands on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection

The company maintains cash to meet its liquidity requirements for up to 30-day periods Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities via its fellow subsidiary

Categories of financial Instruments	**2013**	**2013**	**2013**	**2013**	2012	2012	2012	2012
	Loans and receivables	**Non financial assets**	**Financial liabilities at amortised cost**	**Non financial liabilities**	Loans and receivables	Non financial assets	Financial liabilities at amortised cost	Non financial liabilities
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£ 000
Financial assets								
Other receivables	**11,387**	-	-	-	10,983	-	-	-
Prepayments	-	**59**	-	-	-	41	-	-
Total	**11,387**	**59**	-	-	10,983	41	-	-
Financial liabilities								
Trade payables	-	-	-	-	-	-	(192)	-
Other liabilities	-	-	**(1,664)**	-	-	-	(1,688)	-
Accruals	-	-	**(157)**	-	-	-	(344)	-
Taxation payables	-	-	-	**(378)**	-	-	-	(167)
Total	-	-	**(1,821)**	**(378)**	-	-	(2 224)	(167)
Net	**11,387**	**59**	**(1,821)**	**(378)**	10,893	41	(2 224)	(167)

Maturity of the company's financial liabilities

	2013 Trade and other payables	2012 Trade and other payables
	£'000	£ 000
Due within one year	**1,821**	2,224
	1,821	2 224

The above contractual maturities reflect the gross cash flows which may differ to the carrying values of the liabilities at the reporting date

12 Share capital

	2013 £'000	2012 £'000
Authorised		
1 000,000 ordinary £1 shares - equity	**1,000**	1,000
Issued and fully paid		
353,706 ordinary £1 shares - equity	**354**	354

13 Revaluation reserve

	2013 £'000	2012 £'000
At 1 April 2012	**196**	198
Transfer to deferred tax liability (note 8)	**2**	8
Transfer to income statement (note 14)	**-**	(10)
At 31 March 2013	**198**	196

14 Retained earnings

	2013 £'000	2012 £'000
At 1 April 2012	**10,841**	10 451
Transfer from revaluation reserve (note 13)	**-**	10
Profit for the financial year	**527**	380
At 31 March 2013	**11,368**	10,841

15 Pensions

The company makes contributions in respect of some salaried employees and supervisory foreman who are members of the May Gurney Defined Benefit Pension Scheme The scheme funds are administered by trustees and are independent of the company and the group's finances The employer's contribution rate is based upon pensionable salary per annum in respect of future accrual of benefits The company's contributions, which are paid in accordance with May Gurney Integrated Services plc instructions, are charged to the income statement in the year in which they accrue An actuarial review of the fund was carried out at 31 March 2011 Full details of this valuation are contained in the financial statements of May Gurney Integrated Services plc

May Gurney Defined Benefit Pension Scheme contributions charged to the income statement for the year ended 31 March 2013 amounted to £300 (2012 £5,000)

16 Contingent liabilities

(a) The company has given an unlimited guarantee, secured by fixed and floating charges over the company's assets in respect of the borrowings from Bank of Scotland of all group companies At 31 March 2013, the net indebtedness of all other group companies amounted to £Nil (2012 £Nil)

(b) The company has given joint and several guarantees securing indemnities given by other group companies in respect of performance bonds At 31 March 2013, indemnities outstanding for other group companies amounted to £12,383,776 (2012 £11,082,795)

17 Commitments

(i) Operating lease commitments

There are no annual commitments under operating leases (2012 £nil)

(ii) Property, plant and equipment

At 31 March 2013 the company had £nil (2012 £nil) capital commitments

18 Reconciliation of operating profit to cash generated from/(used in) operations

	2013 £'000	2012 £'000
Operating profit	694	480
Depreciation	90	47
(Profit)/loss on sale of property, plant and equipment	-	(99)
Increase in trade and other receivables	(380)	(3,923)
Decrease in trade and other payables	(403)	(148)
Cash generated from/(used in) operations	1	(3,643)

Cash and cash equivalents (which are presented as a single class of assets on the face of the statement of financial position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

The directors consider that the carrying values of cash and cash equivalents approximate their fair values

19 Controlling related parties

The immediate parent undertaking is May Gurney Group Limited, a company incorporated in England The ultimate parent undertaking is May Gurney Integrated Services plc (MGIS) a company incorporated in England, which owns the entire share capital of May Gurney Group Limited MGIS prepares consolidated financial statements which are available from Companies House On 5 July 2013 100% of the issued and to be issued share capital of May Gurney Integrated Services plc was acquired by Kier Group plc

20 Related party transactions

Included within trade and other receivables is an amount of £1,940 000 (2012 £1,940,000) owed by the intermediate parent undertaking May Gurney Group Limited (MGGL) and £9 388,000 (2012 £8 899 000) owed by fellow subsidiary undertaking May Gurney Limited (MGL)

Included within trade and other payables is an amount of £54,000 (2012 £53,000) owed to MGIS and £1,610,000 (2012 £1 635 000) owed to MGL

During the year the company charged MGL management fees of £377,000 (2012 £257,000), rental fees of £805,000 (2012 £824,000) and interest of £25 000 (2012 £25,000) MGIS was charged rental fees of £22,000 (2012 £31,000) and charged the company interest of £nil (2012 £nil)