

Registered number: 07896567

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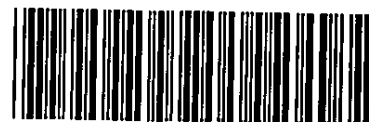
**ERH CONSTRUCTION LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2012**

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**ERH CONSTRUCTION LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Mr E R Hemmings  
Mr D T Jones  
Mr R J Castle  
Mrs D O'Leary

**COMPANY SECRETARY**

Mr N Howell (appointed 2 April 2012)

**REGISTERED NUMBER**

07896567

**REGISTERED OFFICE**

Dean Road  
Yate  
Bristol  
BS37 5NR

**INDEPENDENT AUDITORS**

Nexia Smith & Williamson  
Chartered Accountants & Statutory Auditors  
Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

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**ERH CONSTRUCTION LIMITED**

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## **ERH CONSTRUCTION LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012**

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The directors present their report and the financial statements for the period ended 31 December 2012

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the period ended 31 December 2012 covered Construction, Civil Engineering, Utilities and Facilities Management. The company was incorporated on 4 January 2012 and these financial statements present the results of its first period of trade

#### **BUSINESS REVIEW**

ERH Construction Limited started trading at the beginning of 2012 and despite the challenging conditions in the UK construction market (including restrictions on public investment and spending, limited funding and low investor confidence) the Company has had a strong first year of trading

The Company has been positioned within ERH Group to focus on larger design and build and traditional contracts in key strategic sectors including care homes, utilities and highways infrastructure where there is an expectation of long-term investment. The key priority of the business is to deliver high quality construction services and to nurture close, long-term working relations with key strategic customers with the aim of becoming the contractor of choice.

The strong performance during 2012 has been driven by high quality project teams, robust cost control through Group centralisation of support functions and the implementation of new IT and quality management systems.

The Company enjoyed a strong year-end order book with in excess of £20m of work secured for delivery in 2013 and beyond.

#### **DIRECTORS**

The directors who served during the period were

Mr E R Hemmings (appointed 4 January 2012)  
Mr D T Jones (appointed 4 January 2012)  
Mr R J Castle (appointed 1 October 2012)  
Mrs D O'Leary (appointed 1 October 2012)

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## ERH CONSTRUCTION LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

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#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 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,
- 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.

#### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 8 JULY 2013 and signed on its behalf.



Mr R J Castle  
Director

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## **ERH CONSTRUCTION LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ERH CONSTRUCTION LIMITED**

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We have audited the financial statements of ERH Construction Limited for the period ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 Auditors' 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 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 December 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

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ERH CONSTRUCTION LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ERH CONSTRUCTION LIMITED

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**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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report

*Nexia Smith & Williamson*

Michael Neale (Senior statutory auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants & Statutory Auditors

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date

8/7/13

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**ERH CONSTRUCTION LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

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	Note	Period ended 31 December 2012 £
<b>TURNOVER</b>	1,2	<b>6,966,187</b>
Cost of sales		<b>(6,656,663)</b>
		<hr/>
<b>GROSS PROFIT</b>		<b>309,524</b>
Administrative expenses		<b>(154,071)</b>
		<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>155,453</b>
Tax on profit on ordinary activities	4	<b>(35,461)</b>
		<hr/>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	8	<b>119,992</b>
		<hr/>

All amounts relate to continuing operations

There were no recognised gains or losses for the period other than those included in the profit and loss account

The notes on pages 7 to 10 form part of these financial statements



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**ERH CONSTRUCTION LIMITED**  
**REGISTERED NUMBER: 07896567**

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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

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	Note	£	2012 £
<b>CURRENT ASSETS</b>			
Debtors	5	1,722,995	
Cash at bank		445,671	
		<u>2,168,666</u>	
<b>CREDITORS: amounts falling due within one year</b>	6	<u>(2,048,574)</u>	
<b>NET CURRENT ASSETS</b>			<u>120,092</u>
<b>NET ASSETS</b>			<u>120,092</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7		100
Profit and loss account	8		<u>119,992</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>120,092</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
8 JULY 2013



**Mr R J Castle**  
Director

The notes on pages 7 to 10 form part of these financial statements.

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## ERH CONSTRUCTION LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

##### 1.2 Turnover

Turnover, which is stated net of value added tax, represents the value of services provided to third parties except in respect of long term contract work in progress where turnover represents the sales value of work done in the year.

##### 1.3 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

#### 2. TURNOVER

The whole of the turnover is attributable to the principal activities of the company.

All turnover arose within the United Kingdom.

#### 3. OPERATING PROFIT

The profit is stated after charging

	<b>Period ended</b>
	<b>31 December</b>
	<b>2012</b>
	<b>£</b>
Auditors' remuneration	<b>4,500</b>

The directors are not remunerated through this company and there are no directors to whom retirement benefits are accruing.

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**ERH CONSTRUCTION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

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**4. TAXATION**

	<b>Period ended 31 December 2012 £</b>
UK corporation tax charge on profit for the period	<b>35,461</b>

**Factors affecting tax charge for the period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below

	<b>Period ended 31 December 2012 £</b>
Profit on ordinary activities before tax	<b>155,453</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	<b>31,091</b>
<b>Effects of:</b>	
Expenses not deductible for tax purposes	<b>45</b>
Group relief	<b>(19,235)</b>
Group relief paid	<b>23,560</b>
<b>Current tax charge for the period (see note above)</b>	<b>35,461</b>

**5. DEBTORS**

	<b>2012 £</b>
Trade debtors	<b>881,020</b>
Amounts owed by group undertakings	<b>298,890</b>
Amounts recoverable on long term contracts	<b>543,085</b>
	<b>1,722,995</b>

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**ERH CONSTRUCTION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

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**6. CREDITORS:**  
**Amounts falling due within one year**

	2012 £
Payments received on account	126,256
Trade creditors	1,430,202
Amounts owed to group undertakings	373,510
Corporation tax	11,901
Social security and other taxes	106,705
	<u>2,048,574</u>

**7. SHARE CAPITAL**

	2012 £
<b>Allotted, called up and fully paid</b>	
100 Ordinary shares of £1 each	<u>100</u>

On 4 January 2012, ERH Construction Limited issued 100 Ordinary shares of £1 each to E R H (Holdings) Limited, at par.

**8. RESERVES**

	Profit and loss account £
Profit for the period	119,992
At 31 December 2012	<u>119,992</u>

**9. CONTINGENT LIABILITIES**

The company has a group cross guarantee with E R H (Holdings) Limited, E R Hemmings (Building) Limited, E R H Communications Limited and HemTech Systems Limited in respect of bank borrowings. At the year end these companies had borrowings as below

	2012 £
E R H (Holdings) Limited	2,107,667
E R Hemmings (Building) Limited	986,884

**10. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the Financial Reporting Standard 8 exemption from providing details of related party transactions with group companies as it is a wholly owned subsidiary and the ultimate parent company prepares consolidated financial statements

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**ERH CONSTRUCTION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2012**

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**11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company is E R H (Holdings) Limited, a company registered in England and Wales. The ultimate controlling party is Mr E R Hemmings, a director of the parent company. Copies of the group financial statements of E R H (Holdings) Limited are available from Companies House, Crown Way, Maundy, Cardiff CF14 3UZ.