Eric Wright Group Limited

Annual report and consolidated financial statements

Registered number 02841234

31 December 2022

Contents

Chairman's statement

Executive overview

The Group reported a profit before tax in 2022 of £7.1m compared to £15.1m for 2021.

Underlying trading profit has improved year on year as illustrated in the table below:

	2022	2021
	£000	£000
Profit before tax	**7,085**	15,138
Eliminate loss/(gain) on the revaluation of investment properties and investments	**4,805**	(4,972)
Underlying profit before tax	**11,890**	10,166

2022 has seen a particularly challenging economic and political environment that has created multiple issues for the Group, which continue to be successfully navigated but undoubtedly impacted trading ability and investment decisions. Despite the difficulties, the Group has performed very well financially, increasing the underlying trading profit for the fifth consecutive year. Overall turnover has increased from £163.9m to £168.0m as the pipeline of projects continues to improve within the contracting businesses.

Gross profit has reduced from £20.5m (12.5%) to £19.7m (11.8%) however this is largely driven by the blend of activities within the Group and the average margins attached to each. Operating profit has decreased by £3.4m to £3.4m however £3.8m of the return from commercial property development in the current year is from a joint venture and therefore presented as investment returns. In addition, the Group has incurred additional people costs in the form of salary increases reflecting competition for skilled workforce along with support payments in excess of £0.8m to assist our people in the challenging economy.

All divisions continued to focus on nurturing and supporting existing client relationships, which underpin many of the Group's successes and there is much to be proud of. Within many divisions, positive returns reflect the careful navigation of risks and opportunities, strategic selection of workload and effective commercial control and risk management.

On an ongoing basis, the Group benefits from the commercial strength provided to it by the diversity of its principal activities, and whilst economic factors continue to create obstacles, the core stability afforded by this diversity together with our investment property portfolio, continued to provide the Group with resilience and confidence.

The Group has continued to generate stable returns from its property portfolio and other long-term investments including Local Improvement Finance Trusts (LIFT) and Private Finance Initiatives (PFI). The property portfolio stood at £84.1m at the start of the year and increased due to the transfer of two development assets from work in progress to investment property totalling £11.0m. 2021 reported a significant revaluation gain of £5.0m due in the main to yield compression, particularly in relation to the Group's industrial assets. In the current year yields have moved out as a result of market sentiment and rising interest rates reversing £4.8m of the prior year gain. In terms of sector and tenancies, the portfolio is spread across a number of sectors and lot sizes and continues to show resilience with a closing value of £90.4m.

Our commitment to offer a wider value to clients from our projects remained a core objective for the business with 2022 providing workplace opportunities and apprenticeships to dozens of young and disadvantaged individuals. The Group continues to make significant progress in defining and delivering its social value strategy, building on what has already been achieved across the business and taking it to a new level.

As we move into 2023, the Group faces yet more challenges across its markets. Much of the Group's activity is impacted by the level of development and investment in the regions in which it operates. Continued inflation, increasing finance costs and softened yields all create viability challenges for developments in both the public and private sector. This results in delays and cancellations of projects which impact project pipelines and ability to predict workload. The Group is focussed on mitigating these issues where possible and ensuring that it does not take on undue risk.

Chairman's statement *(continued)*

Construction

Turnover increased to £52.0m *(2021: £50.3m)* from a Group perspective, and a further £7.8m was delivered by the division in relation to commercial property constructed for a fellow group company. The business made an active decision to focus on delivering secured work effectively rather than increase turnover at sub-optimum margins in an extremely challenging environment. This decision, combined with strong commercial and operational control, active overhead management and a motivated and committed workforce resulted in a profit before tax of £0.8m. Embedded within this result is also a provision to deal with issues arising from of the extension to the limitation period within the Building Safety Act (£0.7m) and appropriate provisions for future cost inflation on ongoing contracts.

The construction sector has continued to feel pressure from a number of sources in the last year. Scheme viability is of particular concern due to persistent embedded inflation, energy prices, interest rates and amendments to the building regulations making speculative, developer lead schemes increasingly difficult to secure as margins erode. The length and nature of building contracts also introduces further commercial, inflation, client and supply chain risks to the business.

The business continued to develop long-standing relationships with works progressing on a number of high-profile projects for Muse Developments, Lancashire County Council, Lancashire and South Cumbria NHS Foundation Trust, Lancashire Cricket Club and new clients including Torus Housing. Frameworks will remain an important part of the work winning strategy including the North West Construction Hub, Lancashire Regeneration Property Partnership, Manchester Life Development Co, Pagabo and Torus Housing.

The outlook is extremely positive with a secured order book in excess of the target for 2023. Success will very much depend on delivering secured work in line with expectations by adopting careful commercial control and effective site management. The business continues in its approach of actively bidding on two stage opportunities, avoiding high-risk single stage Design and Build contracts, working with established clients and adopting a policy of selective tendering over cash generation.

Civil Engineering

Turnover for the year was £17.1m *(2021: £20.4m)*, loss before tax and dividend receipts of £1.1m *(2021: £0.3m)*.

As with many companies, the effects of economic uncertainty, unprecedented inflation and material costs increases, compounded by resource and skills demands, meant that 2022 presented many obstacles for the business. Within the public sector portfolio, there were significant challenges to timelines for project procurement and client budgets, resulting in some agreed project programmes being delayed. This was compounded by the reticence of private sector clients to invest in new sites and infrastructure as a result of depressed confidence in the development market.

For the reasons outlined, turnover year on year has reduced by 16% to £17.1m. A loss before tax of £1.1m was reported as the business accommodated inflationary material price increases, costs to retain a skilled workforce in a sector with shortages and the reduced turnover levels. Also during 2022, the business suffered from one particularly challenging contract which generated significant losses. There have been some changes to the senior leadership team and reinforcement of internal processes to assist with the management of commercial risk.

The business continues its conscious strategy to focus on contracts of a certain scale and risk profile where Civils can add value and capitalise on its expertise to differentiate from competitors, targeting key clients who will remain core to the business in the future. Civils built on its reputation for working closely with its clients to meet their objectives in a true partnership arrangement.

Workload projections for 2023 are encouraging with a much stronger pipeline of secured work. Focus will remain on ensuring that levels of risk inherent in each opportunity are properly identified and managed and that quality is an area of focus.

Water

Turnover for the year was £50.4m *(2021: £40.2m)*, profit before tax £0.8m *(2021: £0.7m)*.

The business has continued to work closely with its clients to exploit outstanding specialist skills and maintain effective working relationships. Six key clients underpin the business namely, United Utilities, Scottish Water, Severn Trent Water, Yorkshire Water, Costain and Welsh Water. Water offers a turnkey solution from design through construction and has strength in the in-house ability from engineering to installation across Mechanical, Electrical, Instrumentation control, Automation and Civil Engineering disciplines.

Chairman's statement (*continued*)

Water (continued)

The water industry is regulated by OFWAT with spending reviews undertaken every five years. This review dictates the level of maintenance and project activity to occur in the next Asset Management Period ("AMP") cycle. Turnover in the year has increased as expected, with spend increasing as the AMP progresses and, despite cost challenges due to the current economic climate, profits have also increased to £0.8m.

The business has secured positions on frameworks in Severn Trent, Scotland, Welsh Water, Yorkshire and United Utilities and aims to develop and enhance the relationships with the Tier 1 contractors. All indications are that the next AMP cycle, AMP8 (2025 – 2030) will see increased spending levels allowing the business to grow organically with existing clients in the water industry.

The business had a strong start to 2023 and has secured over 85% of the full year turnover forecast. Systems and controls will continue to be refined, ensuring commercial management is enhanced and the operational risks are understood and mitigated. The business is well placed to drive innovation and efficiency and ensure alignment to the needs of clients as both a Tier 1 and Tier 2 provider.

Property Development

The Division's activities fall into two principal business streams, Commercial Property and Residential Development.

Commercial property

Turnover for the year was £9.7m (*2021: £12.9m*), profit before tax £3.5m (*2021: £1.8m*).

Turnover in the current year principally relates to development management fees for the delivery of the Burnley and Preston town centre regeneration schemes. The majority of the development profit is in the form of income from its investment in a joint venture following the completion, letting and sale of Artis Park, Winsford Industrial Estate, generating income net of costs totalling £3.8m.

As noted previously, material price inflation, rising interest rates and property yield movements all create viability challenges for developments. These combine with a lack of confidence in the market to reduce the number of development opportunities available and also means that there is a requirement for increased rigour in the assessment of opportunities in order to manage risk in a volatile market. It is hoped that there should be some improvement in the coming year but it remains to be seen.

Commercial property development relies on the availability of good, well-located sites, occupier demand, planning, environmental matters, viability and funding. The team continues to focus on key sectors where occupier demand is strong, principally working in partnership with the public sector. The development pipeline across a number of sectors includes; industrial/logistics and mixed use incorporating offices, retail and leisure which are expected to provide a return over the next 3 years. Work continues on priority projects for Burnley and Preston Town Centres and with Lancashire County Council on their strategic employment site, Lancashire Central. In addition, the completion of a pre-let industrial scheme in South Wales should facilitate a disposal during 2023.

Residential development

Turnover for the year was £9.7m (*2021: £15.9m*), profit before tax £0.7m (*2021: £2.6m*).

The key challenge for the business during the year related to achieving timely delivery of units for sale. During the prior year there were delays in securing planning, delaying commencement on sites and subsequent production delays due to material shortages and other site-specific challenges, all contributed to the deferral of unit sales beyond the year end. Material price increases, in addition to the level of unit sales falling from 59 to 28 have driven the reduction in turnover and profit year on year.

The planning landscape continues to be extremely challenging and time consuming however there have been successes here during the year with a number of good opportunities being identified and secured, positioning the business well in terms of unit delivery for the coming year and beyond. As the planning system remains problematic, Applethwaite will continue to focus its efforts on securing sites off-market by way of option to provide flexibility and avoid buying sites with planning at a high land cost.

The phasing of production and delivery of units has generated a significant increase in development work in progress and associated working capital challenges but increased commercial focus turning into 2023 will address this.

Chairman's statement *(continued)*

Residential development (continued)

There are currently five active sites that are expected to deliver in the region of 75 unit sales during 2023. Production and phasing of unit delivery are a critical success factor and reservations are progressing well which is encouraging. Interest rate rises are impacting the ability of some purchasers to obtain mortgages, however to some extent the business is sheltered from this as there is a significant proportion of bungalow product, which attracts a different market. The residential business remains a strategic growth area for the Group.

Facilities Management

Turnover was £21.1m (*2021: £19.0m*), profit before tax £0.9m (*2021: £0.9m*).

The FM business continued to operate successfully across the North West and North Midlands, delivering hard and soft FM services to a wide range of public and private sector clients in over 100 locations through a combination of self-delivery, specialist sub-contractors and property life cycle management. The core business remained the ongoing management of healthcare and education facilities delivered under long-term partnering arrangements. The business also operates shorter-term commercial contracts bringing a higher degree of turnover risk but without the scale of performance risk associated with LIFT and PFI contracts. Both turnover and profit have improved as a result of the long-term contracted income and effective cost control.

During the year, its Building Consultancy business has been transferred into Eric Wright Partnerships Limited allowing the activities to be combined with other Group consultancy offerings.

Contract risk management remains critical going forward to ensure that the business is able to evidence contractual outputs, enhance customer relationships and reduce the risk of financial penalties. This is supported by the use of effective systems and digitisation tools to aid customer service and operational efficiencies.

Partnerships

Turnover was £2.9m (*2021: £1.9m*), profit before tax £0.7m (*2021: £0.6m*).

The Partnerships team have continued to successfully deliver a comprehensive range of partnering services under existing Local Improvement Finance Trusts. These long-term partnerships continue to manage a substantial portfolio of primary care assets in excess of £220m across our region. This income stream has continued to underpin the commercial outcomes and generate a valuable and consistent contribution to Group.

A major project during the year was the transfer of the Building Consultancy business from FM to Partnerships. This brings together all of the Group's consultancy offerings under one company and has numerous operational and work winning benefits. The business now delivers a comprehensive range of property consultancy and strategic estates support services including, development management for clients principally within the healthcare and education sectors. As part of the integration and expansion of the divisions consultancy offering, commercial processes have been enhanced around contractual compliance and risk and ensuring that bids are strategically appraised including appropriate cost assumptions to understand returns fully.

The Partnerships team continue to utilise their extensive network of contacts to identify opportunities to work in partnership with both the public and private sectors to deliver professional advice in a seamless way with sufficient resources to add value and support client organisations. In some cases these opportunities are property related and deliver construction work for the Group.

Property investment

Rental and investment property income was £7.4m (*2021: £7.1m*). Portfolio value was £90.4m (*2021: £84.1*m).

Rental income year on year shows an increase of £0.3m (4.7%). Lettings continue to be strong and following the completion of a number of new leases and the renewal of others, the level of void space has now reduced to less than 6%. The portfolio has a significant number of leases and a well-diversified group of tenants, which helps to manage the risk where the trading environment is challenging for tenants.

The portfolio stood at £84.1m at the start of the year and there have been no additions or disposals during the current year however two assets previously held in development work in progress have been transferred into the portfolio as disposals planned for 2022 failed to progress. These have increased the portfolio value by £11.0m. Unfortunately, the current economic conditions and lack of market-based transactions has had a significant adverse impact on property yields and the year-end valuations have consequently delivered a revaluation deficit of £4.8m. The net impact of these two changes takes the overall year end investment property value to £90.4m.

Chairman's statement *(continued)*

Property investment (continued)

A cornerstone of the Group's balance sheet strategy is to continue to increase the value of both the investment portfolio and the associated rental income by acquiring or developing carefully selected opportunities in order to underpin the stability of both trading returns and cash flow, noting that market based opportunities are less attractive at the current time. The Group's pro-active approach of utilising existing balance sheet resources to secure core borrowings is proving successful in increasing and strengthening the Group's underlying asset base. It also provides the opportunity for the team to source assets which may have a development opportunity that can be unlocked by other divisions at some stage in the future.

Outlook for 2023

The Group ended 2022 looking back on a continued period of disruption and uncertainty but with optimism for the future. The business demonstrated resilience and delivered a set of financial results which position it well to exploit future opportunities. Senior management teams across the Group showed great determination and commitment in ensuring we successfully traded through the changeable business landscape.

The environment for our contracting businesses is improving. There is a positive trend in relation to the level of work available for tender and the pipeline of projects in 2023 and beyond is very positive for Construction, Civil Engineering and Water, noting that there will undoubtedly be some schemes which having looked promising initially, will fail to meet viability challenges as time progresses. The contracting businesses will continue their careful selection of opportunities and collaborative style of working, bringing experience and expertise to a wide range of clients and generating a quality product.

Property development will need to maintain momentum in its future pipeline of projects, which is difficult with the viability issues previously identified. In addition, planning applications are currently slow to progress and development lead times remain protracted. The team will have to use their creativity and experience to sustain transaction levels for the medium term but the longer-term project pipeline is encouraging and the team continues to work on a number of projects in a development management capacity. On the residential side, sites have been secured to support growth targets over a number of years. The key objective is to exit the current development work in progress efficiently, reducing the finance cost burden on the business.

Our overall corporate strategy remains in place to pull together the objectives of all of the divisions and generate a medium-term business plan to increase recurring profits and enhance the core stability within the Group. This is reviewed on an ongoing basis in the context of the changing trading environment. The overarching objective is to generate growth over time via reinvestment of trading profits alongside modest external funding support. We are excited to progress a new business stream to develop and operate care homes with construction of the first expected to commence this year.

Cash management is fundamental to decision making and keeping core businesses resilient. The Group will maintain an active, ongoing response to the changing business environments within each of our main activities. Underlying prudence around management of both cash and operational risk means the balance sheet remains extremely strong and this in turn provides us with capacity and flexibility to support continued activity and subsequent investment in future years.

The business and the Eric Wright Charitable Trust (The 'Trust') continue to work in partnership to support the charitable objectives across our region delivering huge potential for making real improvements to peoples' lives (further details provided on page 12). The Group recognises the need to create a stable platform providing consistency in the returns available to the Trust in order for it to continue the excellent work it carries out across our region.

On behalf of my fellow main board Directors and myself, I would like to express my profound appreciation to all the staff of the Eric Wright Group for their commitment, ingenuity and application, continuing to proactively respond to the challenges of the economy and the sectors in which the Group operates. The financial result achieved in 2022 is a testament to all their hard work and dedication.

R.E. Wright.

RE Wright
Chairman

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30 June 2022

Strategic Report

The Directors present their Strategic Report and the audited financial statements for the year ended 31 December 2022.

Enhanced business review

A review of the year's activities and prospects is set out in the Chairman's Statement and is included in this Strategic Report by cross reference.

The consolidated balance sheet now stands at £90.6m, an increase of £11.7m by comparison to the prior year. This increase is attributed in part to the profit in the year of £7.3m. Other comprehensive income totals £9.5m in the year and is principally driven by positive movements in the fair value of interest rate swaps in certain Group subsidiaries and joint venture investments. See note 13 for further details specific to the valuation of joint ventures as at 31 December 2022.

Principal risks and uncertainties

The industry or sector specific factors which have always faced the Group remain in place to varying degrees. There remains a level of ongoing risk and uncertainty from the current economic environment and the level of activity and changing market. The following aspects are notable:

- Low margin work where risk is disproportionate to potential returns exacerbated by material price increases and labour shortages.
- Availability of funding, procurement obstacles and lack of business confidence contributing to a degree of inertia in bringing projects to market.
- Increased incidence of litigation and contractual disputes as attempts to preserve cash and tight margins remain a key driver.
- Political and economic uncertainty and changing levels of public sector spending.

Internal processes have always been in place for assessing and managing the exposure within any specified opportunity, whether it is in contracting or elsewhere in the Group's portfolio of activities, such as Property Development. The experiences in recent years however have enabled additional measures to be implemented which ensure the business is now as well protected as possible from risk and uncertainty.

Bidding Risk

Both the Group's contracting and development operations bid selectively for a relatively large number of contracts each year. Tenders and investment appraisals are developed in accordance with thorough processes for estimating and risk identification and assessment. Particular attention is given to new or unique characteristics. Each project or contract is subject to formal review and approval by tender review panel or divisional Board depending on value and risk profile.

Delivery Risk

The delivery of contracts is controlled and managed through the Board operating structures within the Construction, Civils and Water businesses. The Group's procedures embrace regular and frequent reviews with an agenda centred on health and safety performance, issues affecting delivery and any consequential impact on costs to completion and the overall estimated future outcome. This approach is underpinned by management's desire to identify any operational and commercial issues in good time so as to ensure appropriate actions can be taken to address them in the most effective way possible. Supply chain failure is an increasing risk to delivery particularly on complex jobs with limited alternatives. Material shortages and pricing are a particular focus at the current time.

Changing Government Policies and Funding Priorities

The risk and uncertainty to our business and that of many others, from changes in government spending policy will always remain a challenge as both national and regional political landscapes change on a regular basis. The Group's public sector partnerships have proved extremely valuable sources of construction, civils, development and facilities management contracts over recent years. Our partnerships have remained intact despite the changing strategies and we envisage further opportunities presenting themselves. The need to maintain and improve public estates will always remain an issue which will need addressing and the recent hiatus in spending is starting to now see new and more efficient procurement mechanisms evolve. The Group has always had very strong links with many facets of the public sector and this area of work opportunity in its many guises will remain core to our future strategies.

Strategic Report *(continued)*

***Principal risks and uncertainties** (continued)*

Financial Risk

The Group manages the majority of its interest rate risk through the use of financial instruments. At the end of the prior year, the Group transitioned all of its financial instruments and facilities to the Sterling Over Night Indexed Average (SONIA) due to the cessation of LIBOR. Other financial risks, including cash flow, are managed through robust internal reporting systems and clear allocation of responsibility.

Key Performance Indicators

The Group implements a number of key performance indicators which are reviewed on a regular basis. These are listed below:

- Monthly consolidated group accounts tracking projections for turnover, gross profit, overheads and profit before tax including a commentary on significant variances to budget and prior period comparatives.
- Profit margin at various levels from group to division and down to individual contracts or development projects.
- Contract commercial reviews to highlight matters which require proactive solutions or Director involvement to mitigate risk.
- Monthly end life forecasting on all construction, civil engineering and water contracts with explanation of any slippage.
- Quarterly consolidated group profit and loss, balance sheet, cash flow and commentary both to comply with banking covenants comprising loan to value, interest cover and net assets, and to also keep lenders and the Board fully appraised on group activities.
- Monthly update of cash flow projections and borrowing capacity.
- Property asset valuation performed externally on an annual basis.
- Operational performance incorporating health and safety statistics, quality reporting and compliance.

Statement by the Directors in performance of their statutory duties in accordance with s172

Eric Wright Group is a commercial business with a wider vision of the role a business can play within the communities in which it operates.

Our mission through our highly technical, motivated and engaged workforce is to develop, build, invest in, operate and maintain our communities. We do this by improving connectivity and social mobility through the economic regeneration of our towns and cities; developing infrastructure, schools, health and social care facilities, residential and commercial properties.

The Board focuses on long-term business decision making in order to ensure stable returns and facilitate reinvestment in the Group and to provide consistent returns to the Trust to further its charitable activities throughout the North West. This drives prudent decision making and conservative borrowing policies and cash flow management across the Group.

The Board actively engages with the stakeholders of the Group including the Trustees and funders and forges positive, collaborative relationships.

The Board annually reviews and approves a three-year strategic plan and monitors its implementation throughout the year. As part of this process, the Directors consider the long-term consequences of the plan and the Group's strategic priorities over the short and medium term including the level of funding required to deliver the strategic objectives. Business resilience is of high importance in all decision making, alongside ensuring the Group's ethics and values are incorporated and that our reputation for quality and high standards of business conduct is maintained.

Strategic Report *(continued)*

Statement by the Directors in performance of their statutory duties in accordance with s172 (continued)

The Board's priority is to ensure that Directors have acted both individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole with regard to all its stakeholders and to the matters set out in paragraphs a-f of section 172 of the Companies Act 2006 (s172).

The Directors understand that the Group's employees are fundamental to its long-term success. The health, safety and well-being of the employees are of paramount importance alongside the provision of an ethical workplace and the Group has well developed strategies to address these needs. Linked to the overarching business strategy for stability and reinvestment, the Group looks to provide a secure, long-term working environment with considerate pay and benefits policies.

The Group engages in an active way with its employees. Many of the staff work on site and senior management regularly complete site visits to maintain timely interaction. Divisional management also regularly update employees via email updates and face to face staff briefings to disseminate both divisional and Group information.

The Directors consider how the Group maintains positive relationships with all of its stakeholders, including suppliers and customers. As outlined in the Chairman's statement, our customer relationships are of high importance and the Group prides itself on its partnering relationships with a number of long-standing customers, built on openness and quality of services.

The Directors recognise the impact of the supply chain on the long-term success of the Group. The selection of suppliers gives consideration to quality, alignment of objectives with the Group and its customers and financial and operational due diligence. The Group aims always to work in a fair and collaborative way with its suppliers.

In addition to the activities of the Eric Wright Charitable Trust, the Group prides itself on its Social Value. We actively encourage and financially support the charitable activities of our employees. We work hard to create careers via the appointment of numerous apprentices and strive to enhance the environments in which we work.

Streamlined Energy and Carbon Reporting

The disclosure below presents the carbon footprint of the group across Scope 1 and 2 emissions, an appropriate intensity metric and a summary of certain energy efficiency actions taken during the current year.

		2022		2021	
Scope	**Emissions Source**	**kWh**	**TCO2e**	**kWh**	**TCO2e**
Scope 1	**Gas (operational assets)**	**17,253,867**	**3,150**	17,359,322	3,180
	Gas (operational sites)	**-**	**-**	-	-
	Transport	**3,863,046**	**967**	3,626,323	905
	Diesel (on-site vehicles)	**3,092,482**	**780**	3,825,915	969
	Fugitive emissions	**-**	**203**	-	156
Scope 2	**Electricity (operational assets)**	**14,158,089**	**2,738**	13,318,732	2,828
Total Gross Scope 1 & 2 Emissions		**38,367,484**	**7,838**	38,130,292	8,038
Turnover			**£168,027,000**		£163,853,000
Intensity Ratio (Gross Scope 1 & 2 Emissions)		**228,341 kWh per £million**	**46.65 TCO2e per £million**	232,710 kWh per £million	49.06 TCO2e per £million

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting (continued)

Methodology notes

Reporting period	In line with financial reporting period
Reporting boundary	Operational control boundary
Reporting method	Compiled in fulfilment of our Energy Saving Opportunity Scheme (ESOS) report submission in 2019. Where data is not directly from the ESOS submission, a similar methodology has been implemented for the data collection process. In both cases, the Global Reporting Initiative Sustainability Reporting Guidelines have been followed
Asset definition	Defined as any building over which we have financial or operational control
Data conversion	All consumption data was converted to emissions using 2022 DEFRA conversion factors.
Intensity ratio	The intensity measurement is "per £million turnover" which allows comparison of emissions directly against our work output and is most relevant to the industry in which the Group operates

We recognise our duty and responsibility towards protecting the environment wherever we conduct our business and strive to adopt high standards of environmental practices.

The Group has a Sustainability Working Group, which aims to provide environmental and social benefits to the business, its employees and the communities in which we work. This team has a focus on reaching net zero by 2030. The Group has been responsible for implementing a number of initiatives including:

- Operating to Carbon Saver Gold standard, demonstrating our efforts to reduce our carbon emissions year on year. The Group have held this certification for 13 consecutive years and now hold the Water Saver and Waste Saver certification.
- Transitioning the entire vehicle fleet to electric or low emission vehicles with a target of 60% of the fleet to be hybrid, plug-in hybrid or pure electric by 2025 and installation of electric charging points at head office.
- Efficiency improvements in portfolio assets including changing lighting systems to LED's, minimising utility wasting relating to heating and ventilation by enhancing Building Management Systems and using electricity supplied from renewable sources.
- Expansion of the Cycle Scheme initiative for employees, facilitating bicycle purchases and encouraging cycling to work, reducing carbon emissions and improving employee health and wellbeing in the process.
- Behavioural change campaigns including reducing printing and unplugging electronic equipment when not in use in an attempt to reduce energy use.
- Establishing a hybrid working policy to reduce the number of employees commuting and energy consumption in offices.
- Improvements in the energy efficiency of temporary site accommodation, including use of models with higher EPC ratings and those that use renewable power as their primary energy source.

Social value

In recent years, there was a clear acceleration in the thinking around the role a business can and should play in the wider community. All manner of Corporate Social Responsibility ("CSR") or Social Value activities increased in sophistication and promince as businesses continued to create and embed fairly advanced strategies into their corporate identity. The shift in focus from CSR to a wider Social Value concept presented our business with an exciting opportunity to capture what was already at the heart of what we do and to powerfully differentiate the Group.

Our social value strategy has gathered considerable momentum over the last few years capturing a comprehensive approach to genuine and lasting improvement to our communities and the people that live and work there. This strategy links the expertise of the directors and business leads together with real engagement across all our businesses to ensure it remains embedded in our ethos and day to day activities.

Strategic Report *(continued)*

Social value (continued)

There is a powerful synergy between the Trust's charitable giving strategy and what can be delivered through the Group's operations, which creates a unique offering to potential clients who are increasingly looking for wider impact from their business partners. This includes incorporating the benefits that the Eric Wright Learning Foundation can offer to business units with a greater focus on work experience, T-Level placements, Apprentices etc aligned to project Key Performance Indicators.

The 12 pillars of our Group social value strategy are set out below. Behind each pillar there are three areas of focus which will drive meaningful and measurable outcomes through 2023 and beyond. We believe this strategy is a fundamental part of our identity, reflecting Eric's vision for a more sustainable business model where activities are inextricably linked to society.

Expected future developments and position at the end of the year

These are dealt with in the Chairman's statement on pages 1 to 5.

JP Hartley
Director

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30 June 2023

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company in the year under review was that of a holding company for the Eric Wright Group of companies. The principal activities of the Group in the year under review were building, contracting, civil engineering, commercial and residential property development, property investment, facilities management and consultancy.

Financial results

The Group made a profit after tax of £7,307,000 during the year *(2021: £11,906,000)*.

A dividend of £5,125,000 was declared and paid during the year *(2021: £4,001,000)*.

The directors have reviewed the future trading forecasts and cashflow forecast factoring in the repayment of bank debt and have assessed the Group and the Company will have sufficient available funds to meet all liabilities as they fall due. On this basis the directors continue to adopt the going concern basis in the preparation of the accounts. Further detail is provided in note 1.2.

The information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414 (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. This includes the statement by the Directors in performance of their statutory duties in accordance with s172 and energy and carbon reporting.

Directors and directors' interests

The directors of the Company who held office during the year and up to the date of this report were as follows:

RE Wright
JP Hartley
JF Carter
G Chadwick
ED Bourne
C Hetherington
K Hirst
N Whittle
GD Lilley
JR Hartnett
LA McGregor (appointed 1 September 2022)

None of the Directors who held office held any beneficial interest in the issued share capital of the Company as at 1 January 2022 or 31 December 2022.

The interests of the Directors and their families, as at the year end, in the share capital of the parent Company, Henmead Limited, were nil. The Eric Wright Charitable Trust has a 100% shareholding in Henmead Limited, the immediate parent company.

The company has entered into directors and officers liability insurance for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006.

Employee relations

Regular meetings are held with management teams to discuss the Group's performance. Opportunity is given at such meetings for questions regarding matters concerning the employees, particularly with reference to matters concerning health and safety.

Employment policies provide equal opportunity, irrespective of sex, religion, race or marital status. Applications by persons with disabilities are given full and fair consideration and, wherever practicable, provision is made for their special needs. The same criteria for training and promotion apply to persons with disabilities as to any other employee. If employees become disabled, every effort is made to ensure their continued employment.

Directors' report *(continued)*

Donations

Donations to UK charities direct from the Group amounted to £24,524 *(2021: £33,508).* In addition, distribution of profit from the Group is used to fund the activities of the Eric Wright Charitable Trust.

Utilising the donations from the Group, the activities of the Eric Wright Charitable Trust are focussed in three primary areas with total donations in the region of £2.75m per annum:

- Waterpark Lakeland Adventure Centre

  The Trust's philosophy is that residential and adventurous activity experiences have a significant impact on the personal development of young people and should be available to all, regardless of their financial, social or physical background. Water Park is an outdoor pursuit centre owned by the Trust on Coniston Water in the Lake District aimed at helping young people, many from disadvantaged backgrounds, to spend time in a wholly different learning environment and assist their self-development. Over 100,000 children have attended courses at Waterpark since its establishment in 1998. Subsidies from the Trust are available for individuals or groups who cannot afford to attend.

- Eric Wright Learning Foundation

  The Eric Wright Learning Foundation works in partnership with Preston's College to provide vocational training for both the 14-16 and 16-18 learner cohorts across trades related to the construction industry. Support is provided by the Learning Foundation through; mentoring, PPE, bursaries, and the opportunity to access apprenticeships or further training.

- Community grants programme

  The Eric Wright Trust supports numerous charities in our communities across the North West through its Grants Programme consisting of major grants, community grants and minor grants across charitable sectors including: Health Support Services, Elderly Care, Carers' Support Services, Youth Development, Education and Training, Community and Voluntary Sector (CVS), Mental Health and Child and Family Support.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed. RSM UK Audit LLP will therefore continue in office.

This report was approved by the board on 30 June 2023 and signed on its behalf by:

JP Hartley
Director

Sceptre House
Sceptre Way
Bamber Bridge
PRESTON
PR5 6AW

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 Eric Wright Group Limited

Opinion

We have audited the financial statements of Eric Wright Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Eric Wright Group Limited *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the members of Eric Wright Group Limited *(continued)*

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and industry specific accreditations, specifically ISO45001. We performed audit procedures to inquire of management and those charged with governance whether the Group and company is in compliance with these law and regulations and by reviewing any notices published by the Health and Safety Executive, discussing the resolution of those notices with management. We also made enquiries with legal counsel to identify any live and material claims or disputes with subcontractors or clients.

Independent auditor's report to the members of Eric Wright Group Limited *(continued)*

The audit engagement team identified the risk of management override of controls and judgements and estimates made in the valuation of amounts recoverable on contracts, valuation of investment property, carrying value of work in progress and in assessing the sufficiency of life cycle provisions as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- challenging judgements and estimates applied in the valuation of amounts recoverable on contracts by attending contract review meetings, reviewing post year end performance and comparing outturn of projects with estimates made in preparing the previous year's financial statements.
- challenging judgements and estimates applied in the valuation of investment properties using data obtained from a valuation specialist to assist in assessing fair value of properties within the property portfolio.
- challenging judgements and estimates applied in the carrying value of work in progress by inspecting evidence in support of assumptions regarding the expected outturn of individual projects.
- challenging judgements and estimates applied in the assessment of sufficiency of life cycle provisions by discussing with individuals outside of the finance function, corroborating receipts and expenditure to supporting documentation and sensitising the assumptions applied by management in their future cost projections.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ian Taylor

Ian Taylor (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP (Statutory Auditor),
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

30 June 2023

Consolidated Profit and Loss Account
for the year ended 31 December 2022

	Note	**2022 £000**	2021 £000
Group turnover	*3*	**168,027**	163,853
Cost of sales		**(148,315)**	(143,377)
Gross profit		**19,712**	20,476
Administrative expenses		**(21,697)**	(20,240)
Other operating income	*4*	**5,381**	6,582
Group operating profit	*5*	**3,396**	6,818
(Loss)/gain on revaluation of investment properties	*12*	**(4,800)**	4,965
(Loss)/gain on revaluation of investment	*13*	**(5)**	7
Share of profit in:			
Joint ventures		**3,224**	1,548
Associates		**1**	2
Income from investments	*13*	**5,787**	-
Costs related to investments	*13*	**(1,958)**	
Profit before interest and taxation		**5,645**	13,340
Interest receivable and similar income	*8*	**4,155**	4,489
Interest payable and similar expenses	*8*	**(2,715)**	(2,691)
Profit before tax		**7,085**	15,138
Tax on profit	*9*	**222**	(3,232)
Profit for the financial year		**7,307**	11,906

Other comprehensive income

	2022 £000	2021 £000
Profit for the financial year	**7,307**	11,906
Effective portion of changes in fair value of cash flow hedges	**7,088**	3,713
Deferred tax on other comprehensive income	**(1,789)**	(274)
Group's share of other comprehensive income/(expense) of joint ventures and associates	**4,207**	(1,377)
Other comprehensive gain for the year, net of income tax	**9,506**	2,062
Total comprehensive income for the year	**16,813**	13,968

The notes on pages 26 to 52 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2022

	Note	**2022 £000**	**2022 £000**	2021 £000	2021 £000
Fixed assets					
Intangible assets	*10*		**1,499**		1,406
Tangible assets	*11*		**4,046**		3,914
Investment property	*12*		**90,406**		84,085
Fixed asset investments	*13*		**14,000**		6,014
			109,951		95,419
Current assets					
Stocks	*15*	**20,324**		25,048	
Debtors: amounts falling due within one year	*16*	**46,446**		46,531	
Debtors: amounts falling due after one year	*16*	**35,132**		36,430	
Cash at bank and in hand	*17*	**10,848**		11,458	
		112,750		119,467	
Creditors: amounts falling due within one year	*18*	**(68,952)**		(62,358)	
Net current assets			**43,798**		57,109
Total assets less current liabilities			**153,749**		152,528
Creditors: amounts falling due after more than one year	*19*		**(57,586)**		(67,256)
Provisions for liabilities and charges					
Deferred tax liability	*23*		**(5,610)**		(6,407)
Net assets			**90,553**		78,865
Capital and reserves					
Called up share capital	*25*		**39**		39
Capital redemption reserve			**10**		10
Revaluation reserve			**17,628**		22,487
Profit and loss account			**72,742**		57,053
Minority interest			**134**		(724)
Shareholders' funds			**90,553**		78,865

These financial statements were approved by the board of directors on 30 June 2023 and were signed on its behalf by:

G Chadwick

G Chadwick
Director

Registered number 02841234

The notes on pages 26 to 52 form part of these financial statements.

Company Balance Sheet
at 31 December 2022

	Note	**2022** **£000**	**2022** **£000**	2021 £000	2021 £000
Fixed assets					
Intangible assets	*10*		**1,499**		1,406
Tangible assets	*11*		**3,785**		3,675
Investment property	*12*		**71,131**		73,460
Investments	*13*		**1,775**		1,775
			78,190		80,316
Current assets					
Debtors	*16*	**12,267**		10,158	
Cash at bank and in hand		**655**		561	
		12,922		10,719	
Creditors: amounts falling due within one year	*18*	**(18,254)**		(14,065)	
Net current liabilities			**(5,332)**		(3,346)
Total assets less current liabilities			**72,858**		76,970
Creditors: amounts falling due after more than one year	*19*		**(27,400)**		(27,800)
Provision for liabilities					
Deferred tax liability	*23*		**(4,074)**		(4,763)
Net assets			**41,384**		44,407
Capital and reserves					
Called up share capital	*25*		**39**		39
Capital redemption reserve			**8**		8
Revaluation reserve			**6,284**		10,163
Profit and loss account			**35,053**		34,197
Shareholders' funds			**41,384**		44,407

The Company's profit for the year was £1,699,000 (*2021: £6,447,000*) and total comprehensive income was £2,096,000 (*2021: £6,715,000*).

These financial statements were approved by the board of directors on 30 June 2023 and were signed on its behalf by:

G Chadwick
Director

Registered number 02841234

The notes on pages 26 to 52 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up Share capital £000	Capital Redemption reserve £000	Revaluation reserve £000	Profit & loss account £000	Minority interest	Total equity £000
Balance at 1 January 2022	39	10	22,487	57,053	(724)	78,865
Total comprehensive income for the year						
Profit for the financial year	-	-	-	7,285	22	7,307
Effective portion of changes in cash flow hedges	-	-	-	5,965	1,123	7,088
Deferred tax on other comprehensive income	-	-	-	(1,508)	(281)	(1,789)
Group's share of other comprehensive income of joint ventures and associates	-	-	-	4,207	-	4,207
Other comprehensive income	-	-	-	8,664	842	9,506
Total comprehensive income for the year	-	-	-	15,949	864	16,813
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	(5,119)	(6)	(5,125)
Revaluation reserve transfer of unrealised deficit	-	-	(4,805)	4,805	-	-
Transfer of realised gain on disposal	-	-	(54)	54	-	-
Total contributions by and distributions to owners	-	-	(4,859)	(260)	(6)	(5,125)
Balance at 31 December 2022	**39**	**10**	**17,628**	**72,742**	**134**	**90,553**

Consolidated Statement of Changes in Equity

	Called up Share capital £000	Capital Redemption reserve £000	Revaluation reserve £000	Profit & loss account £000	Minority interest	Total equity £000
Balance at 1 January 2021	39	10	17,381	52,718	(1,250)	68,898
Total comprehensive income for the year	-	-	-	-	-	-
Profit for the financial year	-	-	-	11,882	24	11,906
Effective portion of changes in cash flow hedges	-	-	-	3,178	535	3,713
Deferred tax on other comprehensive income	-	-	-	(247)	(27)	(274)
Group's share of other comprehensive loss of joint ventures and associates	-	-	-	(1,377)	-	(1,377)
Other comprehensive income	-	-	-	1,554	508	2,062
Total comprehensive income for the year	-	-	-	13,436	532	13,968
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	(3,995)	(6)	(4,001)
Revaluation reserve transfer of unrealised gains	-	-	4,972	(4,972)	-	-
Transfer of realised loss on disposal	-	-	134	(134)	-	-
Total contributions by and distributions to owners	-	-	5,106	(9,101)	(6)	(4,001)
Balance at 31 December 2021	**39**	**10**	**22,487**	**57,053**	**(724)**	**78,865**

Company Statement of Changes in Equity

	Called up Share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2022	39	8	10,163	34,197	44,407
Total comprehensive income for the year					
Profit for the financial year	-	-	-	1,699	1,699
Effective proportion of changes in cash flow hedges	-	-	-	554	554
Deferred tax on other comprehensive income	-	-	-	(157)	(157)
Other comprehensive income	-	-	-	397	397
Total comprehensive income for the year	-	-	-	2,096	2,096
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(5,119)	(5,119)
Revaluation reserve transfer of unrealised deficit	-	-	(3,879)	3,879	-
Transfer of realised loss on disposal	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(3,879)	(1,240)	(5,119)
Balance at 31 December 2022	**39**	**8**	**6,284**	**35,053**	**41,384**

Company Statement of Changes in Equity

	Called up Share capital £000	Capital redemption reserve £000	Revaluation reserve £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2021	39	8	6,001	35,639	41,687
Total comprehensive income for the year					
Profit for the financial year	-	-	-	6,447	6,447
Effective proportion of changes in cash flow hedges	-	-	-	344	344
Deferred tax on other comprehensive income	-	-	-	(76)	(76)
Other comprehensive income	-	-	-	268	268
Total comprehensive income for the year	-	-	-	6,715	6,715
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(3,995)	(3,995)
Revaluation reserve transfer of unrealised gains	-	-	4,031	(4,031)	-
Transfer of realised loss on disposal	-	-	131	(131)	-
Total contributions by and distributions to owners	-	-	4,162	(8,157)	(3,995)
Balance at 31 December 2021	**39**	**8**	**10,163**	**34,197**	**44,407**

Consolidated Cash Flow Statement

for year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year		**7,307**	11,906
Adjustments for:			
Depreciation, amortisation and impairment		**385**	366
Change in value of investment property and investments		**4,805**	(4,972)
Interest receivable and similar income		**(4,155)**	(4,489)
Interest payable and similar charges		**2,715**	2,691
Income from investments		**(5,787)**	-
Costs related to investments		**1,958**	-
Share of profit in joint venture		**(3,224)**	(1,548)
Share of profit in associate		**(1)**	(2)
Taxation		**(222)**	3,232
		3,781	7,184
Increase in stocks		**(6,297)**	(601)
Decrease/(increase) in trade and other debtors		**692**	(3,157)
Increase in trade and other creditors		**4,806**	605
Decrease in provisions		**(246)**	(246)
		2,736	3,785
Dividends paid		**(5,125)**	(4,001)
Interest paid		**(2,715)**	(2,691)
Tax paid		**(1,220)**	(793)
Net cash outflow from operating activities		**(6,324)**	(3,700)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**68**	64
Income from investments		**5,787**	-
Costs related to investments		**(1,958)**	-
Interest received		**4,155**	4,489
Acquisition of investment property, tangible and intangible fixed assets		**(771)**	(3,803)
Repayment of loans by associates and joint ventures		**2,845**	407
New loans to joint ventures and associates		**(3,406)**	(1,480)
Dividends received from joint ventures and associates		**240**	-
Net cash inflow/(outflow) from investing activities		**6,960**	(323)
Cash flows from financing activities			
Proceeds from new loan		**-**	-
Repayment of borrowings		**(2,351)**	(2,095)
Net cash outflow from financing activities		**(2,351)**	(2,095)
Net decrease in cash and cash equivalents		**(1,715)**	(6,118)
Cash and cash equivalents at 1 January 2022/2021		**8,784**	14,902
Cash and cash equivalents at 31 December 2022/2021	*17*	**7,069**	8,784

Notes
(forming part of the financial statements)

1 Accounting policies

Eric Wright Group Limited (the "Company") is a private company limited by shares and incorporated and domiciled in England.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 including provisions of the Large and Medium sized companies and Groups (Accounts and Reports) regulations 2008. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss, investment property.

1.2 Going concern

The company's business activities, together with the Chairman's executive overview are set out in the Business Review on pages 1 to 5. The financial position of the Group is set out on page 19. The financial risk and management of financial risk is set out on page 7.

The Group meets its day-to-day working capital requirements through a £25m Revolving Credit Facility (RCF) which is managed on a Group wide basis with certain subsidiaries and the ultimate parent company, Henmead Limited. The refinance of the RCF was completed in December 2021 for a 42 month period ending June 2025. In addition the refinance documents a £10m Accordion facility which can be requested during the first 30 months of the facility term. At the year end the RCF balance was £15m (*2021: £15m*). The Group's facilities are fully documented in note 20 and also include the Group's £14m term loan with Santander which amortises at a rate of £400k per annum until the facility terminates in December 2024.

The consolidated forecasts and projections for the period to 31 December 2024, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities. As part of this assessment, numerous scenarios have been considered, which alongside supporting sensitivity analysis and controllable mitigating actions have been used as evidence to support this conclusion.

Taking into account the intention of Henmead Limited to continue to support the Group, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Basis of consolidation (continued)

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method. Where there is no obligation, commitment or guarantee by the group to fund the joint venture operations or make payments on behalf of the investees and there is no intention to in the future, then the share of net liabilities recognised in the group consolidated balance sheet is restricted to the value of the investment made by the group.

Where a group company is party to a joint venture which is not an entity, the company accounts directly for its share of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent company financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

1.4 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

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

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

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

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in the profit or loss. Other investments are measured at cost less impairment in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Basic financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Finance lease debtors

Lease arrangements where substantially all of the risks and rewards of ownership have been transferred to the customer are classified as finance lease debtors. At the commencement of the lease term, a finance lease is recorded in the balance sheet as a receivable, at an amount equal to the net investment in the lease.

The net investment in a lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of:

- The minimum lease payments receivable under a finance lease; and
- Any unguaranteed residual value accruing to the company.

Initial direct costs (costs that are incremental and directly attributable to negotiating and arranging a lease) are included in the initial measurement of the finance lease receivable and reduce the income recognised over the lease term.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

1.7 Hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Hedge accounting (continued)

Cash flow hedges (continued)

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in Other Comprehensive Income (OCI) is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.18 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

• Freehold buildings	4% on cost
• Leasehold land and buildings	4% on cost
• Plant, machinery and scaffolding	15% on reducing balance
• Fixtures and fittings	15% on reducing balance
• Motor vehicles	25% on reducing balance
• Computer equipment	33% on cost

Computer equipment is included in fixtures and fittings in note 11. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Business combinations (continued)

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

1.10 Intangible assets and goodwill

Goodwill in respect of Joint Ventures is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill was estimated to be 21 years, the remaining period of the concession period for the lease plus agreement.

Intangible assets relate to computer software which is stated at cost less accumulated amortisation. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful live which is 10 years.

1.11 Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.12 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
ii. no depreciation is provided in respect of investment properties applying the fair value model.

1.13 Construction contract debtors

Amounts recoverable on long-term contracts represents the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the entity's contract activities based on normal operating capacity.

Amounts recoverable on long-term contracts are presented as part of trade debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as payments on account in the balance sheet.

1.14 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Impairment excluding stocks, investment properties and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments in the balance sheet.

1.16 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.17 Turnover

Turnover is stated net of VAT. In respect of the contracting activities, turnover represents the value of work done in the year including estimates of amounts not invoiced and adjustments relating to prior years which have been agreed during the year. In respect of the commercial development activities, turnover represents the sale of property recognised on exchange. With regard to forward funded commercial schemes, revenue is recorded equivalent to the level of costs incurred. In respect of the residential development activity turnover is recognised on completion of property sales. In respect of the Public Private Partnership and management activities turnover represents the value of services supplied during the year. All amounts are derived in the United Kingdom.

Rental income is presented as other operating income and is recognised on a straight-line basis over the associated lease term.

Notes *(continued)*

1 Accounting policies *(continued)*

1.18 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Further detail on deferred tax is set out in note 23.

1.20 Government grants

Grants are accounted for under the accruals model. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

1.21 Key management personnel

The key management personnel are the Directors of the Company as set out in the Directors report on page 11.

Notes *(continued)*

2 Accounting estimates and judgements

2a) Key sources of estimation uncertainty

Preparation of the financial statements requires the directors to make estimates. The items in the financial statements where these estimates have been made include:

Contract turnover, Amounts recoverable on contracts and provisions

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty however there is inherent judgement in this assessment. Turnover for such contracts is stated by reference to the costs incurred as a proportion of the total anticipated contract costs, less amounts recognised in previous years. Where the outcome cannot be reasonably foreseen, revenue is recognised to the extent of costs expensed as incurred. Amounts recoverable on contracts represent the gross unbilled amount for contract work performed to date. Provision is made for any losses as soon as they are foreseen. The provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Life cycle provision

The Group has contractual obligations to maintain properties owned by LIFT entities and other third parties over the lives of those assets. The receipts are under contract however the timing and quantum of costs differs resulting in a provision on the balance sheet within other creditors. Due to the duration of the life cycle contracts, there is uncertainty regarding the timing and extent of the costs required to maintain the assets and judgement is therefore required in order to assess sufficiency.

Trade debtors

Held within trade debtors are contract trade debtors that represent billed amounts for contract work performed to date (see note 16). Contract trade debtors are regularly reported and monitored to ensure the full amount is recovered. Provision is made for doubtful debts.

Defect period provision

During the current year, new legislation has been introduced which has resulted in an extension to the limitation period within the Building Safety Act. This creates the potential for future liabilities on a small number of buildings which were constructed in the past 30 years. A provision for future costs has been calculated based on the information currently available, consequently £0.7m has been included within accruals.

2b) Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements (apart from those involving estimations included above) in applying the Group's accounting policies are described below.

Investment property

Investment properties are initially recognised at cost. Subsequent to initial recognition investment properties whose fair value can be measured reliably are held at fair value. The fair value of investment properties, based on an existing use value provided by Avison Young and Cushman and Wakefield totals £90.4m (*2021: £84.1m*). Whilst the investment properties are valued by external experts, there are a number of judgements adopted in respect of items such as yields and lease renewals which affect the overall valuation.

Loans to joint ventures

Loans to joint ventures (see note 13) are initially recognised at cost. The loans are reviewed annually for impairment via a review of the joint ventures cash flow forecast which incorporates assumptions. No impairment has been recognised as future trading and cash flow forecasts demonstrate the joint ventures have sufficient funds to meet repayment of the loans as they fall due.

Investments in joint ventures

To the extent that the Group have no legal or constructive obligation to fund the share of historic losses recognised in the joint ventures the value of the investment is restricted to the value of the investments made.

Notes *(continued)*

2 Accounting estimates and judgements *(continued)*

Classification of financial instruments

Financial instruments (see note 22) are recognised initially at fair value. Subsequent to initial recognition financial instruments are measured at fair value with changes recognised in profit or loss. The measurement of fair value requires estimation. Where the financial instrument falls under the classification of hedging instruments and is in a designated hedging relationship the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss. The assessment of hedge effectiveness requires judgement.

3 Turnover

The table below sets out the trading results for each of the Group's divisions after elimination of intercompany trading.

	2022 £000	2021 £000
Property Investment	**2,038**	1,005
Construction	**52,023**	50,319
Civil Engineering and Water	**67,453**	60,566
Commercial & Residential Property Development	**19,428**	28,792
Facilities Management	**21,143**	18,965
Other	**5,942**	4,206
Total turnover	**168,027**	163,853

All turnover arose within the United Kingdom.

4 Other operating income

	2022 £000	2021 £000
Rental income	**5,381**	6,081
Coronavirus Job Retention scheme received	**-**	501
	5,381	6,582

5 Expenses and Auditor's remuneration

Included in the profit and loss account are the following:

	2022 £000	2021 £000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of these financial statements	**11**	10
Audit of financial statements of subsidiaries of the company	**150**	120
Tax advisory services	**29**	23
Depreciation and amortisation	**377**	358

Notes *(continued)*

6 Staff numbers and costs

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

	Number of employees	
	2022	2021
Direct labour	**353**	303
Administration	**431**	388
	784	691

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	**34,321**	28,126
Social security costs	**3,452**	2,811
Contributions to defined contribution plans	**3,285**	2,876
	41,058	33,813

7 Directors' remuneration

	2022	2021
	£000	£000
Directors' remuneration	**1,748**	1,600
Benefits in kind	**14**	13
Company contributions to money purchase pension plans	**242**	249
	2,004	1,862

Information regarding the highest paid director is as follows:

	2022	2021
	£000	£000
Remuneration	**417**	308
Benefits in kind	**6**	1
Company contributions to money purchase pension plans	**-**	-
	423	309

Retirement benefits are accruing to eight (*2021: eight*) directors under a defined contribution scheme.

Notes *(continued)*

8 Net interest payable/receivable

	2022	2021
	£000	£000
Interest receivable and similar income		
Group:		
Bank and short term deposits	**15**	1
Interest receivable from associates and joint ventures	**1,252**	1,478
Finance debtor interest	**2,888**	3,010
Total interest receivable and similar income	**4,155**	4,489
Interest payable and similar expenses		
Group:		
Bank loans and overdrafts	**2,715**	2,691

9 Taxation

Total tax expense recognised in the profit and loss account.

	2022	**2022**	2021	2021
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		**937**		779
Adjustments in respect of prior periods		**8**		(29)
Total current tax		**945**		750
Deferred tax (see note 23)				
Origination and reversal of timing differences	**(1,135)**		2,445	
Adjustments in respect of prior periods	**(32)**		37	
Total deferred tax		**(1,167)**		2,482
Total tax (credit)/charge		**(222)**		3,232

Total tax expense recognised in the profit and loss account and other comprehensive income.

		2022			2021	
	£000	**£000**	**£000**	£000	£000	£000
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	**945**	**(1,167)**	**(222)**	750	2,482	3,232
Recognised in other comprehensive income	**-**	**1,789**	**1,789**	-	274	274
Total tax	**945**	**622**	**1,567**	750	2,756	3,506

All tax expenses recognised in the profit and loss account and other comprehensive income relates to UK Corporation tax.

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax rate

The tax assessed for the year is lower than (*2021: higher than*) the standard rate of corporation tax in the UK of 19% (*2021: 19%*). The differences are explained below:

	2022 £000	2021 £000
Profit for the year	**7,307**	11,906
Total tax (credit)/charge	**(222)**	3,232
Profit excluding taxation	**7,085**	15,138
Tax using the UK corporation tax rate of 19% (*2021: 19%*)	**1,346**	2,876
Fixed asset differences	**(18)**	(15)
Non-deductible expenses	**214**	180
Tax exempt revenues	**(1,132)**	(40)
Adjustments in respect of equity accounted investments	**(613)**	(294)
Impact of change in deferred tax rates and difference between current and deferred tax rates	**(359)**	1,516
Gains on revaluation of investment property	**28**	(183)
Group relief claimed	**(707)**	(796)
Share of profits of joint venture LLPs	**1,056**	-
Research and development tax credits	**(13)**	(20)
Adjustment in respect of prior years (current tax)	**8**	(29)
Adjustment in respect of prior years (deferred tax)	**(32)**	37
Total tax (credit)/charge included in profit and loss	**(222)**	3,232

Factors that may affect future tax charges

The standard rate of tax applied to the reported profit on ordinary activities is 19% (*2021: 19%*). The Finance Act 2021 which was substantively enacted on 24 May 2021 created a 25% main rate, 19% small profits rate and a marginal rate which is effective from 1 April 2023. Deferred tax has been calculated at 25% which is the rate that the deferred tax assets and liabilities are expected to crystalise.

Notes *(continued)*

10 Intangible assets

Group and Company

	Software
Cost	**£000**
Balance at 1 January 2022	1,569
Additions	252
Balance at 31 December 2022	1,821
Amortisation	
Balance at 1 January 2022	163
Amortisation for the year	159
Balance at 31 December 2022	322
Net book value	
At 31 December 2022	**1,499**
At 31 December 2021	1,406

11 Tangible fixed assets

Group

	Freehold land and buildings £000	Leasehold land and buildings £000	Fixtures and fittings £000	Plant, machinery and scaffolding £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 January 2022	3,586	515	1,679	2,078	388	8,246
Additions	-	-	98	264	56	418
Disposals	-	-	(35)	(95)	(47)	(177)
Balance at 31 December 2022	3,586	515	1,742	2,247	397	8,487
Depreciation						
Balance at 1 January 2022	337	319	1,596	1,797	283	4,332
Depreciation charge for the year	33	22	53	81	29	218
Disposals	-	-	(33)	(42)	(34)	(109)
Balance at 31 December 2022	370	341	1,616	1,836	278	4,441
Net book value						
At 31 December 2022	**3,216**	**174**	**126**	**411**	**119**	**4,046**
At 31 December 2021	3,249	196	83	281	105	3,914

Notes *(continued)*

11 Tangible fixed assets *(continued)*

***Group** (continued)*

Land and Buildings

The net book value of land and buildings in tangible fixed assets and investment properties comprises:

	2022 £000	2021 £000
Freehold	**63,424**	54,822
Long leasehold	**30,198**	32,512
Short leasehold	**174**	196
	93,796	87,530

Company

	Leasehold Improvements £000	**Freehold property £000**	**Plant and machinery £000**	**Motor vehicles £000**	**Total £000**
Cost or valuation					
At beginning of year	299	3,586	331	134	4,350
Additions	-	-	205	56	261
Disposals	-	-	(21)	(47)	(68)
At end of year	299	3,586	515	143	4,543
Depreciation					
At beginning of year	125	337	173	40	675
Charge for year	19	33	58	26	136
Disposals	-	-	(19)	(34)	(53)
At end of year	144	370	212	32	758
Net book value					
At 31 December 2022	**155**	**3,216**	**303**	**111**	**3,785**
At 31 December 2021	174	3,249	158	94	3,675

12 Investment property

Group	***Group* 2022 £000**	***Company* 2022 £000**
Balance at 1 January 2022	84,085	73,460
Additions	101	100
Transfers from development work in progress	11,020	1,450
Net deficit from fair value adjustments	(4,800)	(3,879)
Balance at 31 December 2022	**90,406**	**71,131**
Historical cost net book value	72,777	64,847

All investment properties are held at fair value. All such assets were valued at 31 December 2022 at market value on the basis of existing use by Avison Young or Cushman and Wakefield, Chartered Surveyors, external independent valuers, having an appropriate recognised professional qualification (The Royal Institute of Chartered Surveyors) and recent experience in the location and class of property being valued. All other assets are at cost less depreciation.

Notes *(continued)*

13 Fixed asset investments

Group

	Loans to Joint Ventures £000	Interests in Joint Ventures £000	Total Interests in Joint Ventures £000	Investments in associates	Investments other £000	Total £000
Cost						
At 1 January 2022	15,711	(145)	15,566	362	31	15,959
New loans provided	332	-	332	3,074	-	3,406
Repayment of loans	(2,845)	-	(2,845)	-	-	(2,845)
Share of profit and other comprehensive income	-	2,267	2,267	1	-	2,268
Revaluation of listed investments	-	-	-	-	(5)	(5)
At 31 December 2022	13,198	2,122	15,320	3,437	26	18,783
Provision						
At 1 January 2022	(9,945)	-	(9,945)	-	-	(9,945)
Movement in provision	5,162	-	5,162	-	-	5,162
At 31 December 2022	(4,783)	-	(4,783)	-	-	(4,783)
Net book value						
At 31 December 2022	**8,415**	**2,122**	**10,537**	**3,437**	**26**	**14,000**
At 31 December 2021	5,766	(145)	5,621	362	31	6,014

Within the fixed asset investments are a number of LIFT companies in which the Group owns a 60% interest. Due to interest rate swap liabilities associated with long-term agreements, these entities have historically reported net liabilities. In line with the accounting policies documented in sections 1.3 and 1.5 of the financial statements, the Group has consequently created a provision against loans due from these entities ("subordinated loans"). There has also been no requirement to recognise a share of the net liabilities due to the absence of any obligation, commitment or guarantee by the group to fund the joint venture operations.

During 2022, the significant increase in interest rates in the period has had a considerable, positive impact on the fair value of the interest rate swaps. As a consequence, a number of the entities now report net assets as at the end of 2022.

The provisions against subordinated loans due from companies with net assets have been reversed in the current year as there is sufficient certainty in relation to recoverability. Additionally, the Group has recognised 60% of the net assets reported within a LIFT company subgroup as applicable.

The subordinated debt is unsecured and interest is charged at fixed rates between 8.5% and 12.5%. The subordinated loans are repayable by biannual instalments and mature between 2030 and 2037.

The Group holds a development joint venture, Winsford Holdings 1 LLP, which disposed of its development asset during the year. This generated a return on investment of £5.8m and associated costs of £2.0m.

Company	**Shares in group undertakings £000**
Cost	
At 1 January 2022	1,755
Additions	-
At 31 December 2022	**1,755**

During the year the Group incorporated a new company, Wrightcare Holdings Limited with a share capital of £100.

14 Other investments and financial assets

Included in fixed asset investments are listed investments amounting to £26,000 *(2021: £31,000)* for the Group, and £nil *(2021: £nil)* for the Company.

Notes *(continued)*

15 Stocks

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Work in progress	**20,324**	25,048	-	-
	20,324	25,048	-	-

The write-down of stocks to net realisable value through cost of sales amounted to £548,000 *(2021: £472,000)*. Offsetting this is a write-back of a previous impairment of £170,000 *(2021: £300,000)*. Within work in progress are assets totalling £nil (*2021: £11.0m*) which were generating incidental rental income however were available for immediate disposal at the balance sheet date. A sale was being progressed during late 2021 and early 2022 in relation to the two assets however both sales fell through. The assets have consequently been moved to investment property during 2022 at fair value (see note 12).

16 Debtors

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Amounts falling due within one year				
Finance lease debtor receivable	**2,001**	1,746	-	-
Trade debtors	**18,849**	20,488	**963**	778
Amounts recoverable on long-term contracts	**16,833**	14,909	-	-
Amounts due from subsidiaries	-	-	**7,330**	6,605
Prepayments	**5,145**	4,344	**2,857**	2,347
Deferred tax	**224**	1,643	-	-
Financial instruments	**719**	165	**719**	165
Corporation tax	**176**	-	**202**	-
Other debtors	**2,499**	3,236	**196**	263
	46,446	46,531	**12,267**	10,158
Due after more than one year				
Finance lease debtor receivable	**33,037**	35,126	-	-
Trade debtors	**2,095**	1,304	-	
	35,132	36,430	-	-
	81,578	82,961	**12,267**	10,158

Amounts owed by subsidiaries are non-interest bearing and repayable on demand. Within debtors due after one year are trade debtors in relation to retentions receivable on contracts after more than one year.

17 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	**10,848**	11,458
Bank overdrafts	**(3,779)**	(2,674)
Cash and cash equivalents per cash flow statements	**7,069**	8,784

Notes *(continued)*

18 Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Bank loans and overdraft	**6,286**	5,025	**11,916**	6,150
Payments on account	**7,599**	6,689	**-**	-
Trade creditors	**23,934**	21,222	**1,221**	1,268
Amounts due to parent company	**2,862**	3,122	**2,532**	3,140
Amounts due to subsidiaries	**-**	-	**-**	-
Taxation and social security	**5,543**	4,795	**333**	204
Other creditors	**16,298**	13,956	**743**	970
Accruals and deferred income	**6,430**	7,549	**1,509**	2,333
	68,952	62,358	**18,254**	14,065

Amounts owed to subsidiaries are non-interest bearing and repayable on demand.

19 Creditors: amounts falling after more than one year

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Bank loans	**52,050**	54,557	**27,400**	27,800
Deferred Income	**4,708**	5,337	**-**	-
Financial instruments	**828**	7,362	**-**	-
	57,586	67,256	**27,400**	27,800

Details on financial instruments are included in notes 21 and 22.

Notes *(continued)*

20 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022 £000	2021 £000
Loans and overdrafts can be analysed as falling due:		
On demand – Overdraft	**3,779**	2,674
In one year or less	**2,507**	2,351
Between one and two years	**14,610**	17,107
Between two and five years	**19,611**	17,953
In five years or more	**17,829**	19,497
	58,336	59,582
Creditors falling due after more than one year		
Secured bank loans	**52,050**	54,557
	52,050	54,557

	2022 £000	2021 £000
Creditors falling due within less than one year		
Secured bank loans	**2,507**	2,351
	2,507	2,351

Bank loans are secured on certain investment properties of Eric Wright Group Limited and other group companies.

All financial liabilities are denominated in UK pounds sterling. The financial liabilities carry floating rates of interest, based upon market rates prevailing at the time. Some of these financial liabilities have been swapped to a fixed interest rate.

Interest rate swaps, denominated in pounds sterling have been entered into to protect the maximum interest expense to which the Group is exposed. These swaps with an underlying debt value of £39,490,000 (*2021: £41,841,000*) enable the Group to swap floating rate liabilities on loans to a fixed rate liability. The floating rate was historically LIBOR however beyond 31 December 2021 this has been replaced by SONIA with all remaining commercial terms unchanged and no financial impact. The period of these swap arrangements ranges from 2 to 15 years as at 31 December 2022. This capped the maximum interest payable by the Group to December 2022 at 5.87%.

The interest paid by the Group on its bank floating rate liabilities was at a rate of SONIA plus a margin of 2% to 2.7% *(2021: LIBOR plus 2% to 2.7%).*

Notes *(continued)*

20 Interest-bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

Group	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2022	2021
					£000	£000
Term loan 1	£ GBP	SONIA + 2.7%	2024	Amortising	**12,800**	13,200
Revolving Credit Facility	£ GBP	SONIA + 2%	2025	Revolving Credit Facility	**15,000**	15,000
Debenture loans	£ GBP	SONIA + 2%	-	Subordinated debt	**67**	67
Term loan 2	£ GBP	SONIA + 1%	2024	Amortising	**1,323**	1,979
Term loan 3	£ GBP	SONIA + 0.97%	2030	Amortising	**4,450**	4,907
Term loan 4	£ GBP	SONIA + 2.1%	2037	Amortising	**20,917**	21,755
					54,557	56,908

Following a refinance completed in December 2019, Term loan 1 is an amortising 5 year term loan with annual capital repayments of £400,000. The residual £12m loan will fall due for final repayment in December 2024.

The Revolving Credit Facility ("RCF") is drawn for a fixed period, agreed in advance with the bank. The RCF is either repaid at the end of the fixed period or the period extended. The RCF facility was refinanced in December 2021 for a 42 month period to June 2025. The available facility is £25m with an Accordion of £10m which can be requested in the first 30 months of the facility term.

The debenture loan is unsecured and no redemption date has been set.

The term loans 2-4 are repaid bi-annually and full repayment will be made by the expiry date and relate to the Group's PFI arrangement.

21 Other financial assets and liabilities

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Liabilities				
Amounts falling due after more than one year				
Other financial liabilities designated as fair value through other comprehensive income	**828**	7,362	-	-
	828	7,362	-	-

	Group 2022 £000	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Assets				
Amounts recoverable after more than one year				
Other financial assets designated as fair value through other comprehensive income	**719**	165	**719**	165
	719	165	**719**	165

Notes *(continued)*

22 Financial instruments

22 *(a) Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

	Notional amount £000	Maturity Year	Fixed Rate %	Fair value liability 2022 £000	Fair value liability 2021 £000
Liabilities measured at amortised cost					
Interest rate swap 1	1,329	2024	5.865	**(26)**	(168)
Interest rate swap 2	4,406	2030	5.400	**(204)**	(979)
Interest rate swap 3	20,918	2037	4.400	**(598)**	(6,215)
				(828)	(7,362)

	Notional amount £000	Maturity Year	Fixed Rate %	Fair value asset 2022 £000	Fair value asset 2021 £000
Assets measured at amortised cost					
Interest rate swap 4 *	9,000	2024	0.545	**719**	165

* Held by the Company

22 *(b) Financial instruments measured at fair value*

Derivative financial instruments

The fair value of interest rate swap and interest rate caps is based on broker quotes. Those quotes are tested for reasonableness by comparing against prior year valuations, market interest rates and valuations for similar instruments at the measurement date.

22 *(c) Hedge accounting*

To hedge the potential volatility in future interest cash flows arising from movements in SONIA, the Group has entered into swap agreements with RBS, Bank of Tokyo Mitsubishi, Santander and Co-operative Bank. These result in the Group paying the floating interest rate and receiving and/or paying a fixed interest rate on the swaps. This effectively fixes the interest cost on the loans.

The derivatives are accounted for as a hedge of variable interest rate risks, in accordance with FRS 102. The cash flow arising from the interest rate swaps will continue until their maturity, coinciding with the repayment of the loans.

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models:

	2022 Carrying amount £000	2022 Expected cash flows £000	2022 1 year or less £000	2022 1 to <2years £000	2022 2 to <5years £000	2022 5 years and over £000	2021 Carrying amount £000	2021 Expected cash flows £000	2021 1 year or less £000	2021 1 to <2years £000	2021 2 to <5years £000	2021 5years and over £000
Interest rate swaps:												
Liabilities	**35,653**	**13,807**	**1,775**	**1,637**	**4,070**	**6,325**	37,605	15,714	1,907	1,775	4,453	7,579
	35,653	**13,807**	**1,775**	**1,637**	**4,070**	**6,325**	37,605	15,714	1,907	1,775	4,453	7,579

The change in fair value in the period is recognised in other comprehensive income as the swaps were 100% effective hedges.

Notes *(continued)*

22 Financial instruments *(continued)*

22 *(d) Fair values*

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2022 £000	Fair value 2021 £000
Interest rate swaps – liabilities	**(828)**	(7,362)
Interest rate swaps – assets	**719**	165
	(109)	(7,197)

23 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Held in provisions for liabilities and charges	**Group 2022 £000**	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
At 1 January	**6,407**	3,786	**4,763**	2,828
Profit and loss account (credit)/charge	**(1,182)**	2,482	**(846)**	1,859
Amount recognised in other comprehensive income	**385**	139	**157**	76
At 31 December	**5,610**	6,407	**4,074**	4,763

Held in debtors	**2022 £000**	2021 £000	**2022 £000**	2021 £000
At 1 January	**(1,643)**	(1,778)	**-**	-
Profit and loss account charge	**15**	-	**-**	-
Amount recognised in other comprehensive income	**1,404**	135	**-**	-
At 31 December	**(224)**	(1,643)	**-**	-

Notes *(continued)*

23 Deferred tax assets and liabilities *(continued)*

Deferred tax liability	**Group 2022 £000**	Group 2021 £000	**Company 2022 £000**	Company 2021 £000
Accelerated capital allowances	**3,517**	3,489	**2,084**	2,000
Other timing differences	**39**	105	**(11)**	(9)
Short term timing differences financial instruments	**86**	(299)	**145**	(12)
Other short term timing differences	**1,968**	3,112	**1,856**	2,784
	5,610	6,407	**4,074**	4,763

Deferred tax asset	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Accelerated capital allowances	**28**	35	-	-
Others	**46**	54	-	-
Short term timing differences - financial instruments	**150**	1,554	-	-
	224	1,643	-	-

24 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £3,285,000 *(2021: £2,876,000)* the amount due to the scheme at the year end is £460,000 *(2021: £277,000)* and is included in other creditors.

Notes *(continued)*

25 Capital and reserves

Share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
394,450 ordinary shares of 10p each	**39**	39

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

26 Reconciliation of net debt

	1 January 2022	Cash flows	Non-cash changes	**31 December 2022**
	£000	£000	£000	**£000**
Cash and cash equivalents	11,458	(610)	-	**10,848**
Overdraft	(2,674)	(1,105)	-	**(3,779)**
	8,784	(1,715)	-	**7,069**
Borrowings due within one year	(2,351)	2,351	(2,507)	**(2,507)**
Borrowings due after one year	(54,557)	-	2,507	**(52,050)**
Net debt	(48,124)	636	-	**(47,488)**

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2022	Group 2021	**Company 2022**	Company 2021
	£000	£000	**£000**	£000
Less than one year	**1,519**	1,246	**348**	275
Between one and five years	**2,833**	2,521	**912**	821
More than five years	**19,390**	19,596	**15,378**	15,544
	23,742	23,363	**16,638**	16,640

During the year £1,246,000 was recognised as an expense in the profit and loss account in respect of operating leases (*2021: £1,007,000*).

Leases as lessor

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group 2022	Group 2021	**Company 2022**	Company 2021
	£000	£000	**£000**	£000
Less than one year	**4,927**	5,571	**4,100**	4,520
Between one and five years	**14,466**	15,022	**12,499**	12,837
More than five years	**55,978**	54,025	**54,826**	52,512
	75,371	74,618	**71,425**	69,869

There are no material individual leasing arrangements requiring disclosure.

Notes *(continued)*

28 Finance leases

Leases as lessor

The Group has finance leases in connection with its PFI arrangements. The minimum lease receivable payments at the end of the reporting period are as follows:

	Minimum lease receivable 2022 £000	**Interest 2022 £000**	**Principal 2022 £000**	Minimum lease receivable 2021 £000	Interest 2021 £000	Principal 2021 £000
Within one year	**4,746**	**2,745**	**2,001**	4,630	2,884	1,746
Greater than one year and less than two years	**4,961**	**2,572**	**2,389**	4,769	2,737	2,032
Greater than two years and less than five years	**14,467**	**6,474**	**7,993**	14,909	7,080	7,829
Greater than five years	**31,880**	**9,225**	**22,655**	36,385	11,120	25,265
	56,054	**21,016**	**35,038**	60,693	23,821	36,872

29 Commitments

Capital commitments

The Group and the Company have no contractual commitments to purchase tangible fixed assets at either the current or prior year-end.

In respect of interests in Jointly Controlled Entities, the Group and Company have no commitment to incur capital expenditure at either the current or prior year end.

30 Contingencies

There is a cross guarantee in place in relation to the Group's Revolving Credit Facility between a number of Group companies. This is supported by a first legal charge over certain Group properties.

Notes *(continued)*

31 Related parties

Company

Identity of related parties

Company/entity	**Portion of ordinary shares held**	
Subsidiary undertakings		
Eric Wright Construction Limited*	100%	
Eric Wright Partnerships Limited*	100%	
Eric Wright Civil Engineering Limited*	100%	
Maple Grove Developments Limited*	100%	
Eric Wright Investments Limited	100%	Dormant
Maple Grove Investments Limited	100%	
Stonecross Enterprises Limited	100%	
Elltech Limited	95%	
Sceptre Nursery Limited	100%	
Eric Wright Commercial Limited	100%	Dormant
Skemtech Limited	95%	
Fleetwood PPP Limited*	100%	
Cobco 494 Limited*	100%	
Cobco 450 Limited	100%	
Eric Wright FM Limited	100%	
Eric Wright Homes Limited	100%	
Maple Grove Residential Limited	100%	
Applethwaite Limited	100%	
Eric Wright Developments Limited	100%	Dormant
Eric Wright Water Limited	100%	
EWGN Blackpool PSP Limited*	80%	Dormant
Blackpool LEP Limited	64%	
Highfield PFI Holdco Limited	72%	Dormant
Highfield PFI SPV Limited	72%	
Samlesbury Developments Limited*	100%	Dormant
Wrightcare Holdings Limited	100%	
Wrightcare Developments Limited	100%	
Joint Ventures		
Foundation for Life Limited*	60%	
Leigh Holdco Limited	60%	Dormant
Leigh Fundco Limited	60%	
Pacific Shelf 888 Limited	60%	
Pemberton Care Limited	60%	
Pinco 2033 Limited	60%	
Pinco 2206 Limited	60%	
Pimco 2401 Limited	60%	
FFL Capital Projects Limited	60%	Dormant
East Lancashire Building Partnership Limited*	60%	
Blackburn Holdco Limited	60%	Dormant
Blackburn Fundco Limited	60%	
Rossendale LIFT Limited	60%	
Pinco 2223 Limited	60%	
Pimco 2297 Limited	60%	
Inhoco 2952 Limited	60%	
Pimco 2451 Limited	60%	
East Lancashire Capital Projects Limited	60%	
Brahm LIFT Limited*	60%	
Brahm Intermediate Holdco 1 Limited	60%	Dormant
Brahm Fundco 1 Limited	60%	
Brahm Intermediate Holdco 2 Limited	60%	Dormant
Brahm Fundco 2 Limited	60%	
Bolton Holdco 1 Limited	60%	Dormant
Bolton Fundco 1 Limited	60%	
Brahm Capital Projects Limited	60%	Dormant
Booths Partnership Limited	50%	
Regional and Local Education Partnership Limited	26%	Dormant
Tri link 140 Holdings 1 LLP	50%	
Tri Link 140 Holdings 2 LLP	50%	
Winsford Holdings 1 LLP	50%	
Winsford Holdings 2 LLP	50%	
Holbeck Homes (Cartmel) Limited	50%	
Glenholme Wrightcare Limited	50%	
Glenholme Senior Living (Bispham Gardens) Limited	50%	

Notes *(continued)*

31 Related parties (continued)

Additional information on subsidiaries and joint ventures

Associates

Deeside Regeneration Limited	24.9%

All companies are registered and operate in England and Wales and principal activities are either building, contracting, civil engineering or property development. The registered addresses of the related parties are available in the accounts of each of the entities, which are available from Companies House.

* Eric Wright Group Limited directly owns the share capital of these entities. All remaining share capital is owned indirectly through subsidiary undertakings.

32 Related party transactions

Recipient company	EWG Shareholding	Goods and services supplied		Balance outstanding at end of year	
		2022	2021	**2022**	2021
		£000's	£000's	**£000's**	£000's

During the year the Group supplied construction services to the following companies in which the Group has an interest. These services were provided by Eric Wright Construction Limited.

Blackpool Local Education Partnership Ltd	64%	**2,908**	1,090	-	149

During the year the Group supplied hard FM services to the following companies in which Eric Wright Group Limited has an interest. These services were provided by Eric Wright FM Limited:

Blackpool Local Education Partnership Ltd	64%	**-**	-	**-**	-
Blackburn Fundco Ltd	60%	**448**	422	**-**	-
Bolton Fundco 1 Ltd	60%	**378**	340	**-**	-
Brahm Fundco 1 Ltd	60%	**745**	667	**-**	-
Brahm Fundco 2 Ltd	60%	**585**	528	**86**	8
Highfield PFI SPV Ltd	72%	**736**	512	**-**	-
Inhoco 2952 Ltd	60%	**920**	911	**-**	-
Leigh Fundco Ltd	60%	**291**	273	**-**	-
Pacific Shelf 888 Ltd	60%	**38**	36	**40**	15
Pemberton Care Ltd	60%	**118**	111	**-**	22
Pimco 2297 Ltd	60%	**73**	80	**-**	-
Pimco 2401 Ltd	60%	**157**	148	**-**	-
Pimco 2451 Ltd	60%	**684**	479	**-**	-
Pinco 2033 Ltd	60%	**515**	483	**-**	-
Pinco 2206 Ltd	60%	**308**	289	**-**	1
Pinco 2223 Ltd	60%	**625**	634	**-**	-
Rossendale Lift Ltd	60%	**438**	411	**10**	-

Notes *(continued)*

32 Related party transactions *(continued)*

Recipient company	EWG Shareholding	Goods and services supplied		Balance outstanding at end of year	
		2022	2021	**2022**	2021
		£000's	£000's	**£000's**	£000's

During the year the Group provided management services to the following companies in which Eric Wright Group Limited has an interest. These services were provided by Eric Wright Partnerships Limited.

Blackburn Fundco Ltd	60%	**22**	20	-	-
Blackpool Local Education Partnership Ltd	64%	**-**	-	-	-
Bolton Fundco 1 Ltd	60%	**126**	118	-	-
Brahm Fundco 1 Ltd	60%	**263**	195	-	-
Brahm Fundco 2 Ltd	60%	**172**	162	-	-
Brahm Lift Ltd	60%	**174**	111	-	-
Inhoco 2952 Ltd	60%	**309**	290	-	-
Leigh Fundco Ltd	60%	**53**	50	-	-
Pacific Shelf 888 Ltd	60%	**10**	9	-	3
Pemberton Care Ltd	60%	**33**	31	-	-
Pimco 2297 Ltd	60%	**11**	10	-	-
Pimco 2401 Ltd	60%	**77**	72	-	-
Pimco 2451 Ltd	60%	**91**	85	-	-
Pinco 2033 Ltd	60%	**238**	224	-	-
Pinco 2206 Ltd	60%	**122**	115	-	-
Pinco 2223 Ltd	60%	**91**	86	-	-
Rossendale Lift Ltd	60%	**30**	28	-	-
East Lancashire Building Partnership Ltd	60%	**74**	77	-	-
Foundation for Life Limited	60%	**46**	90	-	-
Glenholme Wrightcare Limited	50%	**-**	16	-	-

During the year the Group carried out construction services on behalf of the spouse of a director. The total value of services was £569,000 (*2021: £735,000*) with the maximum outstanding in the year of £nil (*2021: £257,000*). No amounts are outstanding at the year end (*2021: £nil*).

33 Controlling party

The company is a subsidiary undertaking of Henmead Limited. The ultimate controlling party is the Eric Wright Charitable Trust.

The largest group in which the results of the Group are consolidated is that headed by the Eric Wright Charitable Trust, Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW. The smallest Group in which they are consolidated is that headed by Henmead Limited, Sceptre House, Sceptre Way, Bamber Bridge, Preston, PR5 6AW. The consolidated financial statements of the Eric Wright Charitable Trust are available to the public and may be obtained from the Charity Commission www.government/organisations/charity-commission. The consolidated financial statements of Henmead Limited may be obtained from Companies House, Crown Way, Cardiff.