



BORDER CONSTRUCTION (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2013



ArmstrongWatson[®]
Accountants & Financial Advisers

BORDER CONSTRUCTION (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS	Mr C H McGhie (resigned 31 March 2014) Miss C A K Rafferty (resigned 31 March 2014) Mr B Manning (appointed 31 March 2014) Mr A Radcliffe (appointed 31 March 2014)
COMPANY SECRETARY	Mr A Radcliffe
REGISTERED NUMBER	SC213977
REGISTERED OFFICE	Rhymers Mill Mill Road Earlston Berwickshire TD4 6DG
INDEPENDENT AUDITORS	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors 51 Rae Street Dumfries Dumfries and Galloway DG1 1JD
BANKERS	The Royal Bank of Scotland Plc 21 High Street Lochmaben Lockerbie DG11 1NG
SOLICITORS	Bell Park Kerridge Clifford Court Cooper Way Parkhouse Business Park Carlisle CA3 0JG

BORDER CONSTRUCTION (HOLDINGS) LIMITED

CONTENTS

	Page
Group strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11 - 23

BORDER CONSTRUCTION (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report for Border Construction (Holdings) Limited for the year ended 31 December 2013.

BUSINESS REVIEW

Principal Activities

The principal activities of the Group are building, civil engineering, private housing and property development, joinery manufacture and building maintenance.

The Group operates as a regional contractor with specific focus throughout northern England and southern Scotland including the Scottish central belt.

Business Review

Trading conditions continued to be extremely difficult during 2013, as anticipated. The economic environment continued to have a negative impact on the construction sector in the region as a whole with overcapacity, a reduction in opportunities and margins continually under threat.

The challenging conditions have resulted in a dramatic fall in turnover, and the contracts delivering that turnover being at lower margins.

The group has continued to react to this lower level of operating activity, and continued to restructure, costs of which have been significant, and have been incurred in this year.

The current trading position has been compounded by the ongoing and problematic PFI project continuing from 2012. These contracts have taken significant amount of management focus in negotiating and concluding. Substantial write downs of these contracts have been taken in the year, these contracts were substantially completed in 2012, but the write downs have had a material effect on the reported result of this year.

The Homes Division also suffered losses, following implementation of a policy of stock reduction to release capital, and review of ongoing land carrying values.

The Building Maintenance business, Finlaysons, based in the Borders region, also felt the impact of the adverse economic situation and suffered a small loss in the year. The year ahead will be challenging due to price pressures in this sector and increased competition from sole traders.

PRINCIPAL RISKS AND UNCERTAINTIES

Management continually monitor the key risks facing the group together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the group are as follows:

Health & Safety - the group undertakes regular reviews and updates to its health and safety policy and procedures with a view to reducing an already low incidence of reportable accidents.

Environmental - the group takes its responsibilities to protect the environment very seriously. Environmental Management systems to BS EN ISO 14001 standard are in place and are subject to internal and external auditing.

Construction risk - the group tenders for a large number of contracts each year. A tender appraisal is carried out by a committee, including board members, with particular attention paid to identify and assess risk.

The delivery of contracts is controlled through the group's operational management procedures. This includes regular reviews of each contract, with the emphasis being placed on issues affecting delivery, together with a forecast of revenue and cost to completion.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2013

Quality - the group has developed operational management systems, which are accredited to BS EN ISO 9001:2000. They are subject to both internal and external audit. The systems are designed in order that a high level of quality is produced to the satisfaction of our clients.

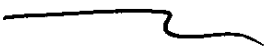
The group is committed to providing adequate training to all levels of staff in order that there is a proper understanding of the systems and working practices that are in place and we seek continued improvement by setting quality objectives.

FUTURE DEVELOPMENTS

Toward the end of 2013 and into the first quarter of 2014, the shareholders and directors were in company sale negotiations with Esh Construction Limited. The board are pleased to report that the transaction concluded on 31 March 2014.

As a result of this, Border Construction (Holdings) Limited and its subsidiary company, Border Construction Limited, are now a part of the Esh Group, a construction group of companies based in Durham. The Esh Group is committed to the future success of Border Construction Limited and the businesses are now working well together. Integration and restructuring is happening in 2014, the benefits of which will be seen in the latter months of 2014 and into 2015.

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



Mr A Radcliffe
Director

Date: 25.9.2014

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

RESULTS

The loss for the year, after taxation, amounted to £1,338,479 (2012 - loss £649,288).

DIRECTORS

The directors who served during the year were:

Mr C H McGhie (resigned 31 March 2014)
Miss C A K Rafferty (resigned 31 March 2014)

EVENTS SINCE THE END OF THE YEAR

As disclosed in note 27 to the financial statements, on 31 March 2014, the existing group was restructured and the company together with its parent company, Border Construction (Holdings) Limited, were sold to Esh Construction Limited.

At the same date, the company also sold its subsidiary undertakings, Denton Holme Student Village Limited, Border Construction (Lets) Limited and Milbourne Court (Carlisle) Limited.

As part of the restructuring and sale, certain loans were waived and an in specie dividend was paid to Border Construction (Holdings) Limited in respect of certain assets forming part of the sale, which resulted in the reserves of the company being reduced to approximately £2.3 million.

FINANCIAL INSTRUMENTS

The group takes necessary measures to identify and manage risks to the business and particularly to individual contracts. The directors have established rigorous processes and risk management procedures which cover all aspects of the business. The principal risks and uncertainties facing the group include the following:

BORDER CONSTRUCTION (HOLDINGS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Financial risk

The group uses financial instruments, including bank overdrafts and various items such as trade debtors and trade creditors that arise directly from its operations. The main risks associated with these are:

- Liquidity and interest risk - the group seeks to ensure sufficient liquidity is available to meet foreseeable needs and uses banking facilities to achieve short term flexibility.
- Credit risk - this is removed from the house-building operation as property title does not transfer until funds are received, within other operations the group only deals with organisations with a proven credit rating.

MATTERS COVERED IN THE STRATEGIC REPORT

For the Business Review, please see the Strategic Report.

DISCLOSURE OF INFORMATION TO AUDITORS

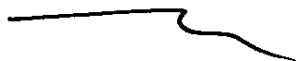
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

AUDITORS

On 1st April 2014 Armstrong Watson transferred its audit business to Armstrong Watson Audit Limited. On 31 March Armstrong Watson resigned as the Company's auditors and Armstrong Watson Audit Limited was subsequently appointed to fill the vacancy arising.

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



Mr A Radcliffe
Director

Date: 25.9.2014

BORDER CONSTRUCTION (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDER CONSTRUCTION (HOLDINGS) LIMITED

We have audited the financial statements of Border Construction (Holdings) Limited for the year ended 31 December 2013, which comprise the group Profit and loss account, the group and company Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDER CONSTRUCTION (HOLDINGS) LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept 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.



Alan Johnston (Senior statutory auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants
Statutory Auditors

Dumfries

Date: 25.9.2014

BORDER CONSTRUCTION (HOLDINGS) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	16,132,182	25,360,970
Cost of sales		<u>(14,202,282)</u>	<u>(22,689,222)</u>
GROSS PROFIT		1,929,900	2,671,748
Administrative expenses		(3,589,319)	(3,590,684)
Other operating income	3	<u>171,916</u>	<u>2,924</u>
OPERATING LOSS	4	(1,487,503)	(916,012)
Interest receivable and similar income		461	8,664
Interest payable and similar charges	8	<u>(60,349)</u>	<u>(7,787)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,547,391)	(915,135)
Tax on loss on ordinary activities	9	<u>208,912</u>	<u>265,847</u>
LOSS FOR THE FINANCIAL YEAR	18	<u><u>(1,338,479)</u></u>	<u><u>(649,288)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED
REGISTERED NUMBER: SC213977

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	10		874,532		1,028,626
Investment property	11		9,600,000		9,854,950
Investments	12		-		301,639
Investment in joint engagement	12		500		500
			10,475,032		11,185,715
CURRENT ASSETS					
Stocks	13	3,825,135		4,147,610	
Debtors	14	6,392,599		9,177,471	
Cash at bank and in hand		907,455		110,795	
		11,125,189		13,435,876	
CREDITORS: amounts falling due within one year	15	(9,984,494)		(11,667,385)	
NET CURRENT ASSETS			1,140,695		1,768,491
NET ASSETS			11,615,727		12,954,206
CAPITAL AND RESERVES					
Called up share capital	17		352,563		352,563
Profit and loss account	18		11,263,164		12,601,643
SHAREHOLDERS' FUNDS	19		11,615,727		12,954,206

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


Mr B Manning
 Director

Date: 25.3.2014

The notes on pages 11 to 23 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED
REGISTERED NUMBER: SC213977

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Investments	12	<u>1,712,570</u>	<u>1,712,570</u>
NET ASSETS		<u><u>1,712,570</u></u>	<u><u>1,712,570</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	<u>352,563</u>	<u>352,563</u>
Profit and loss account	18	<u>1,360,007</u>	<u>1,360,007</u>
SHAREHOLDERS' FUNDS	19	<u><u>1,712,570</u></u>	<u><u>1,712,570</u></u>

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


Mr B Manning
 Director

Date: 25.3.2014

The notes on pages 11 to 23 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	20	(1,166,024)	2,939,228
Returns on investments and servicing of finance	21	(59,888)	877
Taxation		90,175	(90,021)
Capital expenditure and financial investment	21	369,244	(9,937,542)
DECREASE IN CASH IN THE YEAR		(766,493)	(7,087,458)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Decrease in cash in the year	(766,493)	(7,087,458)
MOVEMENT IN NET DEBT IN THE YEAR	(766,493)	(7,087,458)
Net (debt)/funds at 1 January 2013	(924,677)	6,162,781
NET DEBT AT 31 DECEMBER 2013	(1,691,170)	(924,677)

The notes on pages 11 to 23 form part of these financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 1 to 2.

The group currently meets its day to day working capital requirement through an overdraft facility. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the group 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 financial statements consolidate the accounts of Border Construction (Holdings) Limited and all of its subsidiary undertakings ('subsidiaries').

The consolidation does not include the financial statements of Homegone Limited, a joint venture arrangement entered into by Border Construction Limited, the subsidiary company. In the opinion of the directors, Homegone Limited is a joint venture carrying out a single project and as such fails to meet the definition of 'joint venture' as defined by FRS 9. Border Construction Limited's investment in the venture is reflected in the consolidated financial statements as a fixed asset investment.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

In respect of long term contracts and contracts for on going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for on going services is recognised by reference to the stage of completion.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	30% reducing balance
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	30% reducing balance

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are stated at the amount of the company's share of net assets. The Profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.
- (iii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Long-term contracts

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

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2013	2012
	£	£
Other operating income	171,916	2,519
Net rents receivable	-	405
	<u>171,916</u>	<u>2,924</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2013	2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	169,406	196,609
	<u>169,406</u>	<u>196,609</u>

5. AUDITORS' REMUNERATION

	2013	2012
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	19,000	18,250
Fees payable to the company's auditor and its associates in respect of:		
All other non-audit services not included above	7,450	-
	<u>7,450</u>	<u>-</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	3,996,317	5,164,828
Social security costs	387,359	467,310
Other pension costs	150,494	175,356
	<u>4,534,170</u>	<u>5,807,494</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013	2012
	No.	No.
Directors (includes directors of the subsidiary company)	6	6
Employees	145	193
	<u>151</u>	<u>199</u>

7. DIRECTORS' REMUNERATION

8. INTEREST PAYABLE

	2013	2012
	£	£
On bank loans and overdrafts	<u>60,349</u>	<u>7,787</u>

9. TAXATION

	2013	2012
	£	£
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
Adjustments in respect of prior periods	-	(90,329)
	<u> </u>	<u> </u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	<u>(208,912)</u>	<u>(175,518)</u>
Tax on loss on ordinary activities	<u>(208,912)</u>	<u>(265,847)</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	<u>(1,547,391)</u>	<u>(915,135)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(359,768)	(224,208)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,621	-
Capital allowances for year in excess of depreciation	18,470	6,135
Utilisation of tax losses	-	85,567
Adjustments to tax charge in respect of prior periods	-	(90,329)
Other timing differences leading to an increase (decrease) in taxation	-	(45,956)
Unrelieved tax losses carried forward	329,677	178,462
Current tax charge/(credit) for the year (see note above)	<u>-</u>	<u>(90,329)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2013	654,274	1,624,909	596,460	649,513	3,525,156
Additions	-	2,760	15,950	4,363	23,073
Disposals	-	-	(55,076)	(2,800)	(57,876)
At 31 December 2013	654,274	1,627,669	557,334	651,076	3,490,353
Depreciation					
At 1 January 2013	129,893	1,425,029	367,816	573,792	2,496,530
Charge for the year	10,488	60,405	75,477	23,036	169,406
On disposals	-	-	(47,410)	(2,705)	(50,115)
At 31 December 2013	140,381	1,485,434	395,883	594,123	2,615,821
Net book value					
At 31 December 2013	513,893	142,235	161,451	56,953	874,532
At 31 December 2012	524,381	199,880	228,644	75,721	1,028,626

11. INVESTMENT PROPERTY

Group	Freehold investment property £
Valuation	
At 1 January 2013	9,854,950
Disposals	(254,950)
At 31 December 2013	9,600,000

The 2013 valuations were made by Michael Carigiet Associates Ltd, a firm of chartered surveyors, on 31 August 2012, on an open market value for existing use basis. The directors believe there is no change in this value as at 31 December 2013.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. FIXED ASSET INVESTMENTS

Group	Investments in joint engagement £	Loans to joint engagement £	Total £
Cost or valuation			
At 1 January 2013	500	301,639	302,139
Disposals	-	(157,500)	(157,500)
Amounts written off	-	(144,139)	(144,139)
At 31 December 2013	500	-	500
Net book value			
At 31 December 2013	500	-	500
At 31 December 2012	500	301,639	302,139

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Participating interests

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital & reserves £	Profit/(loss) for the year £
Homegone Limited	(297,329)	5,035

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2013 and 31 December 2013	1,712,570
Net book value	
At 31 December 2013	1,712,570
At 31 December 2012	1,712,570

Details of the principal subsidiaries can be found under note number 29.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. STOCKS

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Raw materials and consumables	150,609	105,917	-	-
Work in progress	476,417	738,225	-	-
Land held for development	3,198,109	3,303,468	-	-
	<u>3,825,135</u>	<u>4,147,610</u>	<u>-</u>	<u>-</u>

14. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	1,540,682	2,001,156	-	-
Amounts owed by undertakings in which the company has a participating interest	312	495	-	-
Other debtors	142,272	159,058	-	-
Prepayments and accrued income	89,352	84,619	-	-
Amounts recoverable on long term contracts	4,221,098	6,742,172	-	-
Deferred tax asset (see note 16)	398,883	189,971	-	-
	<u>6,392,599</u>	<u>9,177,471</u>	<u>-</u>	<u>-</u>

15. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdrafts	2,598,625	1,035,472	-	-
Payments received on account	135,535	682,035	-	-
Trade creditors	3,551,742	6,137,844	-	-
Amounts owed to associates	-	4,118	-	-
Other taxation and social security	203,871	159,589	-	-
Other creditors	2,839,354	2,669,548	-	-
Accruals and deferred income	655,367	978,779	-	-
	<u>9,984,494</u>	<u>11,667,385</u>	<u>-</u>	<u>-</u>

The bank overdraft of £2,598,625 (2012: £1,035,472) is secured by a debenture granted to the Royal Bank of Scotland over all the assets and undertakings of the group.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

16. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2013 £	2012 £	2013 £	2012 £
At beginning of year	189,971	14,453	-	-
Released during the year (P&L)	208,912	175,518	-	-
At end of year	<u>398,883</u>	<u>189,971</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2013 £	2012 £	2013 £	2012 £
Accelerated capital allowances	11,752	19,610	-	-
Tax losses carried forward	387,131	170,361	-	-
	<u>398,883</u>	<u>189,971</u>	<u>-</u>	<u>-</u>

17. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
352,563 Ordinary shares of £1 each	<u>352,563</u>	<u>352,563</u>

18. RESERVES

Group	Profit and loss account £
At 1 January 2013	12,601,643
Loss for the financial year	(1,338,479)
At 31 December 2013	<u>11,263,164</u>
Company	Profit and loss account £
At 1 January 2013 and 31 December 2013	<u>1,360,007</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Group		
Opening shareholders' funds	12,954,206	13,603,494
Loss for the financial year	(1,338,479)	(649,288)
Closing shareholders' funds	<u>11,615,727</u>	<u>12,954,206</u>

	2013 £	2012 £
Company		
Shareholders' funds at 1 January 2013 and 31 December 2013	<u>1,712,570</u>	<u>1,712,570</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £NIL (2012 - £NIL).

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating loss	(1,487,503)	(916,012)
Depreciation of tangible fixed assets	169,406	196,609
Loss/(profit) on disposal of tangible fixed assets	27,893	(3,898)
Decrease in stocks	322,475	1,083,408
Decrease in debtors	2,903,424	1,769,640
Decrease in amounts owed by associates	183	7,052
(Decrease)/increase in creditors	(3,246,041)	802,429
Written off investments	144,139	-
Net cash (outflow)/inflow from operating activities	<u>(1,166,024)</u>	<u>2,939,228</u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	461	-
Interest paid	(60,349)	8,664
Hire purchase interest	-	(7,787)
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(59,888)</u>	<u>877</u>

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(23,073)	(117,392)
Sale of tangible fixed assets	5,817	35,195
Purchase of investment properties	-	(9,854,950)
Sale of investment properties	229,000	-
New loans to joint ventures	-	(395)
Joint ventures loans repaid	157,500	-
Net cash inflow/(outflow) from capital expenditure	369,244	(9,937,542)

22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	110,795	796,660	-	907,455
Bank overdraft	(1,035,472)	(1,563,153)	-	(2,598,625)
Net debt	(924,677)	(766,493)	-	(1,691,170)

23. CONTINGENT LIABILITIES

There are contingent liabilities in respect of performance bonds and guarantees given by the Royal Bank of Scotland plc to third parties on behalf of the group totalling £836,014 (2012 - £1,403,877)

24. PENSION COMMITMENTS

The pension charge in the group's financial statements represents employers contributions towards the personal pension plan of the employees. This is a defined contribution scheme, in which the assets of the scheme are held separately from those of the group in an independently administered fund, and the charge per the financial statements for the year amounts to £150,494 (2012 - £175,356).

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

25. OPERATING LEASE COMMITMENTS

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Within 1 year	-	-	20,540	62,276
Between 2 and 5 years	-	-	9,845	40,460
After more than 5 years	38,465	35,410	-	-

26. RELATED PARTY TRANSACTIONS

Group

In the year under review, a trading relationship existed between the subsidiary company, Border Construction Limited and Border Travel Services Limited (company with two common directors) and Bruce Holdings Limited (company with a director common to that of the company).

Sales to related parties in the year amounted to £787 (2012 - £998) with sales to Border Travel Services Limited £Nil (2012 - £211), and Bruce Holdings Limited £787 (2012 - £787), inclusive of VAT.

Purchases from related parties in the year totalled £24,160 (2012- £20,855) all from Border Travel Services Limited, inclusive of VAT.

Outstanding balances due to Border Travel Services Limited was £151 (2012 - £3,832).

During the year, the group transacted with the directors as follows:

Purchases from Miss Rafferty totalled £6,638 (2012 - £6,678). No balance remained outstanding at the year end.

Purchases from Mr McGhie totalled £6,638 (2012 - £6,678). No balance remained outstanding at the year end.

Sales to Mr Conway totalled £2,850 (2012 - £213). The balance due from him at the year end totalled £924 (2012 - £Nil).

Included in other creditors are amounts owing to the directors, Miss C A K Rafferty of £1,000,000 (2012 - £1,000,000) and Mr C H McGhie £1,500,000 (2012 - £1,500,000) being amounts loaned to the group.

Company

The parent company does not trade with its subsidiary. The investment in Border Construction Limited is shown in the notes to the financial statements.

BORDER CONSTRUCTION (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

27. POST BALANCE SHEET EVENTS

On 31 March 2014, the existing group was restructured and the company together with its subsidiary company, Border Construction Limited, were sold to Esh Construction Limited.

At the same date, Border Construction Limited also sold its subsidiary undertakings, Denton Holme Student Village Limited, Border Construction (Lets) Limited and Milbourne Court (Carlisle) Limited.

As part of the restructuring and sale, certain loans were waived and an in specie dividend was paid to Border Construction (Holdings) Limited in respect of certain assets forming part of the sale, which resulted in the reserves of the group being reduced to approximately £2.3 million.

28. CONTROLLING PARTY

At the balance sheet date, the group's ultimate controlling party was Mr C H McGhie, by virtue of his shareholding.

With effect from 31 March 2014, the ultimate controlling party became Esh Holdings Limited.

29. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Border Construction Limited	UK	100	ordinary