

**Company Registered Number 4807864**

**WYG Management Services  
Limited**

**Report and Financial Statements**

**31 March 2013**

# **WYG Management Services Limited**

## **Report and financial statements 2013 Contents**

### **Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Independent auditors' report to the members of WYG Management Services Limited</b>	<b>5</b>
<b>Income statement</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Statement of changes in equity</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>

# **WYG Management Services Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

C Anderson  
G Olver  
A Gillespie

#### **Company secretary**

G Arber  
B Whitworth

#### **Registered office**

Arndale Court  
Otley Road  
Headingley  
Leeds  
United Kingdom  
LS6 2UJ

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Benson House  
33 Wellington Street  
Leeds, LS1 4JP

#### **Solicitors**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds, LS11 5BZ

#### **Company registered number**

04807864

# WYG Management Services Limited

## Directors' Report

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

### Business review and principal activities

WYG Management Services Limited ("the Company") is incorporated and domiciled in England and operates as surveyors, valuers, assessors and undertakes other property related works. The Company's turnover primarily derives from activities in the United Kingdom.

On 24 August 2012, the directors of the ultimate controlling party, WYG Plc, appointed liquidators over the WYG Irish businesses. On 20 September 2012, the Company reacquired WYG Management Services (Northern Ireland) Limited for a nominal fee.

The results for the Company show an operating profit before exceptional items of £1,570,000 (2012: £529,000), a pre-tax profit of £1,072,000 (2012: £712,000 loss) for the year and revenue of £14,477,000 (2012: £12,501,000). The directors do not recommend the payment of a dividend (2012: £nil).

### Exceptional items

The Company has incurred exceptional costs in the financial year of £498,000 (2012: £1,241,000). These exceptional costs arose from the restructuring of the Company in particular employee termination costs.

### Future outlook

Trading conditions remain challenging. There remains a lack of confidence and liquidity in many areas in which we trade, but there are also some encouraging signs in respect of opportunities and new contract wins. We have restructured to focus on areas of strength and opportunity to be well positioned to benefit when overall economic conditions improve.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to competition and employee retention. Further discussion of these risks and uncertainties and how they are mitigated, in the context of the Group as a whole, is provided in the Group's annual report which does not form part of this report. The financial risk management objectives and policies of the Company are detailed in note 11 of the financial statements.

### Key performance indicators

The directors of WYG Plc manage the Group's operations on a divisional rather than statutory basis. For this reason, the Company's directors believe that analysis using key performance indicators ("KPIs") for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

At the Group level the main focus for analysis is on the KPIs and performance measures the Plc board has set for financial performance, operations and growth. In addition, there are established KPIs for technical excellence, employee satisfaction and leadership.

The development, performance and position of the Group is discussed in the Group's annual report which does not form part of this report.

### Donations

The Company made charitable donations amounting to £800 (2012: £700) during the year. No political donations were made in either year.

### Employee information

The Company's policy is to ensure the adequate provision for the health, safety and welfare of its employees and of other people who may be affected by its activities.

The Company treats applications for employment from disabled persons equally with those of other applicants having regard to their ability, experience and the requirements of the job. Where existing employees of the Company become disabled every effort is made to provide them with continuing suitable work within the Company.

The success of the Company depends upon the skill and motivation of its workforce and it is the Company's policy that employees are kept informed of matters affecting their employment and of the financial results of the Company on a regular basis.

# WYG Management Services Limited

## Directors' Report

### Directors

The directors who served during the period and up to the date of signing the financial statements are disclosed on page 1.

### Going concern

As set out in note 1, the directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have, therefore, been prepared on the going concern basis.

### Trade creditors

The Company's policy is to settle invoices promptly according to terms and conditions as far as is practicable. At 31 March 2013 the amount due to trade creditors for the Company represented 14 days (2012: 32 days) purchases received from those creditors.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Directors' indemnities

As permitted by the Articles of Association, certain of the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### Statement on disclosure of information to the independent auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.

Each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed. A resolution to re-appoint them as independent auditors will be proposed at the Annual General Meeting.

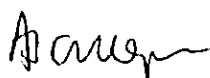
# **WYG Management Services Limited**

## **Directors' Report**

### **Cautionary statement**

Certain statements contained in this report, including those under the "Future outlook" heading constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such statements.

On behalf of the Board



**A Gillespie**  
Director

# WYG Management Services Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WYG MANAGEMENT SERVICES LIMITED

We have audited the financial statements of WYG Management Services Limited for the year ended 31 March 2013 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes In Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Randal Casson*

Randal Casson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

*28 August 2013*

# WYG Management Services Limited

## Income Statement For the year ended 31 March 2013

		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
		2013	2013	2013	2012	2012	2012
Note		£'000	£'000	£'000	£'000	£'000	£'000
		<b>14,477</b>	-	<b>14,477</b>	12,501	-	12,501
		<b>(12,907)</b>	<b>(498)</b>	<b>(13,405)</b>	(11,972)	(1,241)	(13,213)
		<b>1,570</b>	<b>(498)</b>	<b>1,072</b>	529	(1,241)	(712)
		<b>1,570</b>	<b>(498)</b>	<b>1,072</b>	529	(1,241)	(712)
		-	-	-	-	-	-
		<b>1,570</b>	<b>(498)</b>	<b>1,072</b>	529	(1,241)	(712)

The accompanying notes to the financial statements are an integral part of this Income Statement.

Details of the exceptional items are given in note 4.

There is no other comprehensive income for the financial year.



# WYG Management Services Limited

## Balance Sheet As at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Current assets</b>			
Work in progress	7	804	345
Trade and other receivables	8	10,610	10,528
Cash and cash equivalents		1,023	29
		<u>12,437</u>	<u>10,902</u>
<b>Current liabilities</b>			
Trade and other payables	9	(1,567)	(2,512)
		<u>10,870</u>	<u>8,390</u>
<b>Net current assets</b>			
<b>Non-current liabilities</b>			
Trade and other payables	9	(1,909)	(389)
Provisions, liabilities and other charges	10	(2,120)	(2,232)
		<u>(4,029)</u>	<u>(2,621)</u>
<b>Net assets</b>		<u>6,841</u>	<u>5,769</u>
<b>Equity attributable to owners</b>			
Share capital	12	7,038	7,038
Share premium		17	17
Capital redemption reserve		150	150
Accumulated losses	13	(364)	(1,436)
<b>Total equity</b>		<u>6,841</u>	<u>5,769</u>

The accompanying notes to the financial statements are an integral part of this Balance Sheet.

The financial statements on pages 6 to 24 were approved by the Board of Directors on 28.8.13 and signed on its behalf by:



**A Gillespie**

Director

28 August 2013

Company registration number 4807864

## WYG Management Services Limited

### Cash Flow Statement For the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Operating activities</b>			
Cash generated from/(used in) operations	14	<u>994</u>	<u>(621)</u>
<b>Net cash generated from/(used in) operating activities</b>		<u>994</u>	<u>(621)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>994</u>	<u>(621)</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>29</u>	<u>650</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>1,023</u></u>	<u><u>29</u></u>

The accompanying notes to the financial statements are an Integral part of this Cash Flow Statement.

## WYG Management Services Limited

### Statement of Changes in Equity For the year ended 31 March 2013

	<b>2013</b> <b>£'000</b>	2012 £'000
Profit/(loss) and total comprehensive income for the year attributable to the owners	<b>1,072</b>	(712)
Increase in share capital	-	6,434
Capital contribution	-	8,702
Equity/(deficit) attributable to the owners of the Company at beginning of year	<u><b>5,769</b></u>	<u>(8,655)</u>
<b>Equity attributable to the owners of the Company at end of year</b>	<u><b>6,841</b></u>	<u>5,769</u>

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 1. Significant accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union ("EU") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### Going concern

These financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

#### Revenue recognition

Revenue represents the value of work earned during the financial period on contracts by reference to total contract value and stage of completion.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Third party payments represent costs incurred by the Company on behalf of clients which are invoiced at no margin. Progress payments receivable in excess of the value of work executed on individual contracts are included in trade and other payables.

#### Unbilled revenue

As described above revenue represents the value of work earned during the financial period by reference to the total contract value and stage completion. Unbilled revenue is the difference between the revenue recognised and the amounts actually invoiced to customers. Where invoicing exceeds the amount of revenue recognised these amounts are included in trade and other payables. When consumables are used, a charge is made to cost of sales.

#### Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. Items that may give rise to classification as exceptional items include, but are not limited to, significant and material restructuring closures and reorganisation programmes, asset impairments, and the profit or losses on the closure of offices.

#### Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 1. Significant accounting policies (continued)

corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

#### Work in progress

Work in progress is stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable. Cost comprises direct staff costs and attributable overheads. Attributable profit is that proportion of the total profit currently estimated to arise over the duration of a contract, as earned at the balance sheet date. Work-in-progress is recognised when projects are assessed for contract progress and the proportion of contract work completed at the balance sheet date is determined in relation to the total contract works. Appropriate provisions are made for slow moving and irrecoverable work-in-progress.

#### Cash & cash equivalents

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

#### Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency').

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

#### Tax

The tax expense represents the sum of the tax currently payable and deferred tax along with any adjustments to prior year estimates.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 1. Significant accounting policies (continued)

#### Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Company's balance sheet at cost less any provision for impairment in value.

#### Employee benefits

##### *Retirement benefit costs*

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### *Short term compensated absences*

A liability for short-term compensated absences, such as holiday, is recognised in trade and other payables for the amount the Company may be required to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### *Trade receivables*

Trade receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

##### *Trade payables*

Trade payables are not interest-bearing and are stated at amortised cost.

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

#### Significant judgements and key sources of estimation uncertainty

The preparation of the accounts requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

- Revenue recognition and the assessment of the percentage of contract completion achieved. The Company assesses contract progress and determines the proportion of contract work completed at the balance sheet date in relation to the total contract works.
- Review of asset carrying values and impairment charges. The Company performs impairment testing in accordance with the accounting policy described within the significant accounting policies in the notes to the financial statements. The calculation of recoverable amounts requires the use of estimates and assumptions consistent with the most recent budgets and plans that have been formally approved by management.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 1. Significant accounting policies (continued)

- Professional Indemnity Insurance. The Provision is made on actuarial assessment of the reserve for future claims necessarily includes estimates as to the likely trend of future claims costs and as to the emergence of further claims subsequent to the year end. An actuarial review of claims is performed annually. To the extent that actual claims differ from those projected, the provisions could vary significantly.
- Work in progress and receivables valuation. The Company assess work in progress and trade receivables for exposure to losses. Provision is made in full for estimated losses.

### **New IFRS standards and interpretations not applied**

#### **Standards, amendments to published standards and interpretations effective for the year ended 31 March 2013.**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the year ended 31 March 2013 that have had a material impact on this Company

#### **Standards, amendments to published standards and interpretations issued but not effective for the year ended 31 March 2013 and not early adopted.**

Other than the early adoption of standards outlined in the change of accounting policies, there are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on this Company.

IAS 19 Employee benefits was amended in June 2011. The impact on the group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. The group is yet to assess the full impact of these amendments but do not expect this to have a material impact. There is no impact for this Company.

## WYG Management Services Limited

### Notes to the Financial Statements For the year ended 31 March 2013

#### 2. Operating Expenses

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Staff costs (note 3)	7,258	6,970
Other external and operating charges	6,147	6,243
	<u>13,405</u>	<u>13,213</u>

Operating profit/(loss) has been arrived at after charging:

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Operating lease rentals – plant and machinery	<u>119</u>	<u>151</u>

During the year, the fees for services from the Company's auditors were borne by WYG Group Limited.

#### 3. Employees and directors

The average monthly number of employees (including directors) was:

	<b>2013</b> <b>Number</b>	<b>2012</b> <b>Number</b>
<b>By activity</b>		
Technical	116	116
Administrative	15	14
	<u>131</u>	<u>130</u>
	<b>£'000</b>	<b>£'000</b>
Their aggregate remuneration comprised:		
Wages and salaries	6,052	5,702
Social security costs	853	844
Pension costs (note 17)	353	424
	<u>7,258</u>	<u>6,970</u>

In addition to the above permanent staff, the Company utilises the services of agency and temporary contract staff as circumstances require.



# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 3. Employees and directors (continued)

#### Key management compensation

The directors have identified 1 (2012: 1) key management personnel whose compensation was as follows:

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Short term employment benefits	169	119
Post employment benefits	18	12
	<u>187</u>	<u>131</u>

The key management figures given above include directors.

#### Directors

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Aggregate emoluments	169	119
Contributions to defined contribution pension schemes	18	12
	<u>187</u>	<u>131</u>

Directors accruing retirement benefits

	<b>2013</b> <b>Number</b>	<b>2012</b> <b>Number</b>
Defined contribution pension schemes	<u>1</u>	<u>1</u>

#### Highest paid director

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Emoluments	<u>187</u>	<u>131</u>

The emoluments disclosed above are in respect of the one director employed by the Company during the year. The remaining directors who served during the year are employed by a fellow subsidiary company to which they devote the substantial part of their time and accordingly they receive no remuneration, fees or benefits from the Company.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 4. Exceptional items

	2013 £'000	2012 £'000
Employee termination costs	498	33
Office closure costs	-	819
Impairment of intra group receivables	-	389
	<u>498</u>	<u>1,241</u>

WYG Management Services Limited has incurred exceptional costs in the year. These arose from the restructure of the company and relate to employee termination costs.

### 5. Tax

The tax charge for the current year is £ nil (2012: £nil).

#### Factors affecting the current tax charge for the year

The tax charge for the year is lower (2012: lower) than the standard rate of corporation tax in the UK when applied to reported profit/(loss). The differences are explained below:

	2013 £'000	2012 £'000
Profit/(loss) before tax	<u>1,072</u>	<u>(712)</u>
Profit/(loss) before tax multiplied by the standard rate of UK corporation tax rate of 24.0% (2012: 26%)	257	(185)
Losses carried forward / not used	-	(146)
Expenses not deductible for tax purposes	-	213
Permanent differences	17	126
Fixed asset timing differences	(6)	(8)
Losses brought forward not previously recognised	<u>(268)</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

During the year, as a result of the change in the UK main corporation tax rate from 24% to 23% that was substantively enacted on 3 July 2012 and effective from 1 April 2013, the relevant deferred tax balances have been re-measured. A change to the UK corporation tax rate was announced in the March 2013 budget, to reduce the rate to 21% from 1 April 2014, with a further reduction to 20% from 1 April 2015. These changes were enacted in July 2013. Any rate changes that are not substantively enacted at the balance sheet date are not recognised in these financial statements.

## WYG Management Services Limited

### Notes to the Financial Statements For the year ended 31 March 2013

#### 6. Investments

On 24 August 2012, the directors of the ultimate controlling party, WYG Plc, appointed liquidators over the WYG Irish businesses. On 20 September 2012, the Company's parent WYG Group Limited reacquired WYG Management Services (Northern Ireland) Limited for a nominal fee and at the same time converted the inter company debt of £4,429,000 into equity. The shares in WYG Management Services (Northern Ireland) Limited were then transferred to the Company for a nominal fee.

	<b>Shares in subsidiary undertakings £'000</b>
<b>Cost</b>	
At 1 April 2011, 1 April 2012	5,788
At 31 March 2013	<u>5,788</u>
<b>Provision</b>	
At 1 April 2011, 1 April 2012,	(5,788)
At 31 March 2013	<u>(5,788)</u>
<b>Net book value</b>	
At 31 March 2013	<u>-</u>
At 31 March 2012	<u>-</u>

<b>Subsidiary companies held directly</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>Ordinary shares % held</b>
Tweeds Project Services Limited	Non-trading	England and Wales	100
WYG Management Services (Northern Ireland) Limited	Trading	England and Wales	100

#### 7. Work-in-progress

	<b>2013 £'000</b>	<b>2012 £'000</b>
Work-in-progress	1,059	570
Provision	(255)	(225)
Net work-in-progress	<u>804</u>	<u>345</u>

The value of work in progress comprises the costs incurred on a contract plus an appropriate proportion of overheads and attributable profit. Profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Provision is made in full for estimated losses.

## WYG Management Services Limited

### Notes to the Financial Statements For the year ended 31 March 2013

#### 8. Trade and other receivables

	2013 £'000	2012 £'000
<b>Amounts falling due within one year</b>		
Amounts receivable on contracts	1,638	1,897
Less: provision for Impairment of trade receivables	(43)	(38)
Trade receivables - net	<u>1,595</u>	<u>1,859</u>
Prepayments and accrued income	26	13
Other receivables	7	1
Amounts due from group undertakings	8,982	8,655
	<u><u>10,610</u></u>	<u><u>10,528</u></u>

The amounts due from group undertakings are unsecured obligations. It is not proposed that any group undertaking will seek repayment of monies owed unless the company recording the liability has the funds to enable it to do so.

At 31 March 2013 trade receivables of £48,000 (2012: £38,000) were considered for potential impairment. The amount provided for these balances was £43,000 (2012: £38,000). The allocation of the provision according to invoice due date is as follows:

	2013 £'000	2012 £'000
Between 0 and 150 days	-	33
Between 151 and 330 days	-	5
Greater than 330 days	43	-
	<u>43</u>	<u>38</u>

At 31 March 2013 trade receivables of £238,000 (2012: £274,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables according to invoice due date is as follows:

	2013 £'000	2012 £'000
Between 0 and 30 days	182	-
Between 31 and 60 days	3	276
Between 61 and 120 days	28	52
Between 121 and 150 days	69	5
Between 151 and 330 days	15	-
Greater than 330 days	(59)	(59)
	<u>238</u>	<u>274</u>

At 31 March 2013 trade receivables of £1,357,000 (2012: £1,585,000) were neither past due nor impaired.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 8. Trade and other receivables (continued)

Movements on the Company's position for impairment of trade receivables are as follows:

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
At 1 April	38	184
Provision for receivables impairment	103	91
Receivables written off during the year/period as uncollectable	(98)	(237)
At 31 March	<u>43</u>	<u>38</u>

The creation and release of provision for impaired receivables have been included in operating expenses in the Income statement.

The other classes within trade and other receivables do not contain impaired assets. There is no material difference between the carrying value and the fair value of financial assets and financial liabilities at the balance sheet date.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

### 9. Trade and other payables

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade payables	176	388
Payments received on account	368	932
Social security and other taxes	679	721
Other payables	163	97
Accruals	181	374
	<u>1,567</u>	<u>2,512</u>
<b>Amounts falling due in more than one year</b>		
Amounts due to group undertakings	<u>1,909</u>	<u>389</u>

The amounts due to group undertakings are unsecured obligations. It is not envisaged that any group undertaking will seek repayment of monies owed unless the company recording the liability has the funds to enable it to do so.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 10. Provisions, liabilities and other charges

	Vacant leasehold £'000	Redundancy £'000	Total £'000
At 31 March 2011	2,750	345	3,095
Additional provision	819	-	819
Utilised	(1,337)	(345)	(1,682)
At 31 March 2012	2,232	-	2,232
Additional provision	-	415	415
Utilised	(527)	-	(527)
<b>At 31 March 2013</b>	<b>1,705</b>	<b>415</b>	<b>2,120</b>

#### Vacant properties

The Company has a number of vacant leasehold properties, with the majority of the head leases expiring within the next five years. Provision has been made for the residual lease commitments together with other outgoings, after taking into account potential sub-tenant arrangements and assumptions relating to later periods of vacancy.

#### Redundancy

Provision is made for current estimated future costs of redundancy and ex gratia payments to be made where this has been communicated to those employees concerned.

### 11. Financial instruments

The Company is exposed to a number of different market risks in the normal course of business including foreign currency risks and credit risks.

#### Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than sterling, however, the level of these transactions is minimal and as a result the Company does not hedge everyday foreign currency transactions.

#### Credit risk

Credit risk arises from deposits with banks and credit exposure to customers, including outstanding receivables and invoiced work performed for these parties.

The Company has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At 31 March 2013 there were no significant concentrations of credit risk. The maximum exposure to credit risk is the carrying amount of each financial asset included on the balance sheet.

#### Fair values

The fair values of the financial assets and liabilities of the Company are considered to be materially equivalent to their book value. Fair values have been calculated by reference to cash flows discounted at prevailing interest rates.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 11. Financial instruments (continued)

#### Liquidity risk

Cash flow forecasting is performed in the operating entities of the WYG Plc and aggregated by group finance. Established procedures are in place to ensure the operational and working capital requirements of the Group can be met at all times. These include:

- Regular review, monitoring and forecasting of working capital requirements across Group companies
- Use of short term, local bank facilities

### 12. Share capital

	2013 £	2012 £
Issued and fully paid:		
7,400 ordinary shares of 50p each	3,700	3,700
4 "N" ordinary shares of 50p each	2	2
1 "R" ordinary shares of 50p each	1	1
3 "S" ordinary shares of 50p each	1	1
1 "T" ordinary shares of 50p each	1	1
600,000 5% redeemable £1 preference shares	600,000	600,000
	<u>603,705</u>	<u>603,705</u>
Ordinary shares issued to WYG Group Limited	6,434,000	6,434,000
	<u>7,037,705</u>	<u>7,037,705</u>

#### Ordinary shares

Ordinary shares have voting rights of one vote per share. In the event of a winding-up they rank second.

#### "N" "R" "S" and "T" shares

"N" "R" "S" and "T" shares carry no voting rights. In the event of a winding up they rank second.

#### Redeemable preference shares

Redeemable preference shares are non-voting and are redeemable in the event of a winding-up, asset sale, transfer of controlling interest or when the holder reaches retirement age. If redeemed at retirement age they are redeemable at 20% par at that date and 20% par for each of the next four annual anniversaries. The shares rank first in order in the event of a winding-up.

# WYG Management Services Limited

## Notes to the Financial Statements For the year ended 31 March 2013

### 13. Reserves

	<b>Accumulated losses £'000</b>
Balance at 1 April 2011	(9,426)
Loss for the financial year	(712)
Capital contribution	8,702
	<hr/>
Balance at 31 March 2012	(1,436)
Profit for the financial year	1,072
	<hr/>
Balance at 31 March 2013	<u>(364)</u>

### 14. Cash generated from operations

	<b>2013 £'000</b>	<b>2012 £'000</b>
Profit/(loss) from operations	1,072	(712)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	1,072	(712)
(Increase)/decrease in work in progress	(459)	337
Increase in receivables	(81)	(45)
Increase/(decrease) in payables	462	(201)
	<hr/>	<hr/>
Cash generated from/(used in) operations	994	(621)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	<u>994</u>	<u>(621)</u>

### 15. Contingent liabilities and guarantees

The Company and its subsidiary undertakings guarantee, to the Group's principal bankers, the overdrafts and loans, if any, of each Group company. At 31 March 2013 the Group's indebtedness to its principal bankers amounted to £ Nil (2012: £ Nil).

The Company (along with certain other WYG companies) is a member of a VAT group, and with the other members it is jointly and severally liable for any VAT due.

### 16. Financial commitments

At 31 March 2013, the Company had capital commitments outstanding of £nil (2012: £nil).

### 17. Retirement benefit schemes

The WYG group operates a defined contribution retirement benefit scheme for all UK qualifying employees with Scottish Equitable Plc. The assets of the schemes are held separately from those of the group in funds under the control of trustees.

The Company's contributions to the scheme for the year ended 31 March 2013 were £353,000 (2012: £424,000). Amounts outstanding at the end of the year were £nil (2012: £33,000).



# **WYG Management Services Limited**

## **Notes to the Financial Statements For the year ended 31 March 2013**

### **18. Related party transactions**

During the year the Company both purchased services from, and provided services to, fellow subsidiary companies. Intercompany balances between the respective companies reflect these transactions.

### **19. Ultimate parent undertaking**

The ultimate parent undertaking is WYG Plc, a company registered in England & Wales. WYG Plc is both the smallest and largest group into which the Company's financial statements are consolidated. Copies of the Group financial statements can be obtained from The Secretary, WYG Plc, Arndale Court, Headingley, Leeds, LS6 2UJ.

The Company is a wholly-owned subsidiary of WYG Group Limited.

The results of the Company and its subsidiary undertakings are included in the consolidated financial statements of WYG Plc, and therefore the Company has taken the exemption provided by Section 400 of the Companies Act 2006 from preparing consolidated financial statements.