

Name: Wates Construction Limited

Date of Birth: 15th January 1986 (Date of Incorporation)

Nationality: N/A

Address: Wates House, Station Approach, Leatherhead, Surrey, England, KT22 7SW

Notified On: 6th April 2016

Governing Law: Companies Act 2006

Legal Form: Liability Limited by Shares

Place Registered: Registrar of Companies

Registration Number: 1977948

Nature of Control:

Ownership of shares – 75% or more

Ownership of voting rights – 75% or more

Right to appoint and remove directors

Appendix A SQ Declaration

- I declare that to the best of my knowledge the answers submitted and the information contained in this SQ response are correct and accurate.
- I declare that, upon request and without delay I will provide the certificates or documentary evidence referred to in this document.
- I understand that the information will be used in the selection process to assess my organisation's suitability to be invited to participate further in this Procurement.
- I understand that Contracting Authority may reject this SQ response in its entirety and/or disqualify the Applicant from the Procurement process if there is a failure to answer all relevant questions fully or if false/misleading information or content is provided in any section.
- I confirm that no conflict of interest exists between me/us and my/our advisors, and the Contracting Authority and its advisors.

I understand that failure to ensure that no conflict of interest arise, may lead to disqualification from the procurement at the discretion of the Contracting Authority.

Signed by or on behalf of the Applicant.

Authorised Signatory

.....

Director



Name:	JASON KNIGHTS
On behalf of:	SLS (ENGINEERING SERVICES) LIMITED
Position (Job Title):	MANAGING DIRECTOR
Date:	28/3/19
Telephone number:	02073 801800

Appendix B – Mandatory Undertaking

Company Name – **SES (Engineering Services) Ltd**

Stratford Waterfront Culture and Education
Development – UAL MEP

Mandatory Undertaking

When you have completed your response to this SQ, please ensure that: -

- You have **answered** all appropriate questions on the LLDC Procurement Portal; and
- You have **enclosed** all documents requested; and
- You have **completed** the **red text entries** required in this Mandatory Undertaking; and
- You have **read, signed** (for the Applicant and all Relevant Companies), **returned** an electronic copy of this Mandatory Undertaking to the Contracting Authority **before the Deadline for the Receipt of Application**.

1.1. Authority of Main Contact

I/We confirm that the representative named in the response to this SQ is authorised to act as the contact point on behalf of this Applicant and all its Relevant Companies in dealings with the Contracting Authority during the Procurement, as set out in this SQ.

1.2. Disclaimers

I/We confirm that I/we have read and accept the disclaimers set out in Section 2 of this SQ.

1.3. Accuracy of response

I/We certify that the information supplied is accurate to the best of my/our knowledge. I/We understand and accept that false information could result in exclusion from this procurement process.

I/We certify that I/we have made no alterations to the questions asked. I/we understand that if it is found that alterations, whether by addition, omission or substitution and whether made purposefully or not, have been made to the questions that I/we may be excluded from further consideration for any Contract to which this procurement process relates.

I/We undertake to notify the Contracting Authority as soon as practicable of any changes to any of the information given in response to this SQ that may arise during the Procurement.

1.4. Gifts and inducements

I/We also understand that it is a criminal offence, punishable by imprisonment, to give or offer any gift or consideration whatsoever as an inducement or reward to any servant of a Public Body. I/We also understand that any such action will empower the Contracting Authority to cancel any contract currently in force and will result in exclusion from this procurement process.

I/We confirm that we have made careful enquiry of our respective organisations and are satisfied that no criminal offence and no offer of a gift, consideration, inducement and/or reward to any servant of the Contracting Authority or anyone acting on the Contracting Authority's behalf has been made in connection with this or any other Contracting Authority procurement.

1.5. Canvassing and solicitation

I/We confirm that I/we have not canvassed or solicited any officer or employee of the Contracting Authority or anyone acting on behalf of the Contracting Authority in connection with this pre-qualification process and that no person employed by me/us or acting in my/our behalf has done any such act.

I/We further hereby undertake that I/we will not in the future canvass or solicit any officer or employee of the Contracting Authority or anyone acting on behalf of the Contracting Authority in connection with this selection process and that no person employed by me/us or acting in my/our behalf will do any such act.

1.6. Bribery

I/We undertake that I/we will not offer or agree to pay or give, or pay or give any sum of money, inducement of valuable consideration directly or indirectly to any person or have done so or cause or have caused to be done in relation to any other response to this selection process any such act or omission.

1.7. Collusion

I/We undertake that I/we will not enter into any agreement or arrangement with any other person that he/she shall refrain from participating in this selection process.

I/We also undertake that I/we will not at any time discuss with any other person any aspect of our response, and as evidenced below have procured this same undertaking from the Relevant Companies.

1.8. Eligibility to engage in a public contract

I/We confirm that none of the grounds set out in regulation 57 of the PCR apply, other than those declared in response to questions in the SQ uploaded in the Procurement Portal.

1.9. Conflicts of Interest

Having made comprehensive enquiries of our organisation (including the Relevant Companies) we are not aware of any actual or potential conflict of interest, whether professional, commercial or

other conflict of interest nor to the best of our knowledge is there likely to be a conflict of interest should the Applicant or any Relevant Company be invited to enter into a contract with the Contracting Authority in relation to the Project.

1.10. No Marketing Rights

I/We have not and will not do any of the following and we will procure that our subcontractors, agents, advisors and/or representations do not do any of the following:

- Make a public statement or communicate in any form with the media in connection with this Procurement without first obtaining the prior written consent of the Contracting Authority;
- Use any trademarks, logos or other intellectual property rights associated with the Games, QEOP or the Stakeholders;
- Represent that the Applicant or any Relevant Company is directly or indirectly associated in any way with the Games, the Contracting Authority or that its or their respective products and/or services are in any way endorsed by any Stakeholders; or
- Engage in any form of ambush marketing or marketing which creates or implies or refers to an association between the Applicant, the Relevant Companies and or the Games;

unless such action is expressly approved in writing by the Contracting Authority prior to such action taking place.

1.11. Confidentiality

I/We undertake to execute and be bound by the terms of the Confidentiality Undertaking agreed on the Procurement Portal.

I/We acknowledge that the Contracting Authority may in its discretion publish the content of this SQ and any other documents issued by the Contracting Authority as part of this procurement process, including the full terms of any contract entered into as a result of this procurement process, to the general public.

1.12. Warranty

We accept and agree that the Contracting Authority will only consider our Tender on the basis of this Mandatory Undertaking and we acknowledge that the Contracting Authority will rely on this Mandatory Undertaking. We the undersigned confirm that the Mandatory Undertaking is true and accurate and reflects our honestly held beliefs at the date of this Undertaking and if circumstances change such that the undertakings set out in this Mandatory Undertaking can no longer be honoured by any of us, we will immediately notify the Contracting Authority.

Signed by or on behalf of the Applicant.

Authorised Signatory

.....


Director

Name: **Jason Knights**

Title: **Managing Director**

Company number: 690190

SES (ENGINEERING SERVICES) LIMITED

Annual Report and Financial Statements

For the Year ended

31 December 2017



SES (ENGINEERING SERVICES) LIMITED

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SES (ENGINEERING SERVICES) LIMITED

STRATEGIC REPORT

The directors present the Strategic Report which is followed by the Directors' Report and the audited financial statements for the year ended 31 December 2017.

Principal activities

SES (Engineering Services) Limited ("the Company") is one of the UK's leading independent building services businesses. The principal activities of the Company are the provision of building, engineering and facility management services.

Business review and results

2017 was a strong year for the Company, with turnover growth of 34% and a return to profitability. Cash remained strong with a closing balance of £12.8m.

This year's result followed the implementation of the integration plan established by Wates at the time of the Company's acquisition in September 2015. As part of this plan a new management team was put in place and a 3 year strategic plan developed to secure the Company's long term growth and profitability.

The Company's priorities for 2018 and beyond are aligned to its long term strategic goals: putting the right systems, processes and people in place to enable it to keep on delivering for its customers and, in doing so, to secure its sustainable growth into the future.

SES (ENGINEERING SERVICES) LIMITED

STRATEGIC REPORT

(CONTINUED)

Principal risks and uncertainties

Risk

Mitigation

A. Health and Safety

The Company is involved in activities and environments that have the potential to cause serious injury to its staff, subcontractors, customers or members of the public, or to damage property, the environment or its reputation.

The health and safety of people is the primary focus of the business. In order to control risk and prevent harm, the Company is focused on achieving the highest standards of health and safety management. This is achieved by establishing effective health and safety procedures and ensuring that effective leadership and organisational arrangements are in place to operate these procedures. Health and safety performance is reviewed regularly against agreed targets by both the Company Board and the Wates Group Board and Executive Committee to facilitate continuous improvement.

B. Market risk

Demand for the services of the Company is cyclical and may be vulnerable to sudden economic downturns or reductions in government and private sector spending. This may result in clients delaying, curtailing or cancelling proposed and existing projects.

The Company's strategic focus is on those market sectors in which a competitive advantage is maintained and that have the most potential to grow revenue. To limit the impact of exposure to any one sector, the Company has diversified its product and service offering across different market sectors.

C. Competition

The construction sector is highly competitive, which can place downward pressure on prices and margins. If it does not compete effectively in its market sectors, the Company runs the risk of losing market share. While service quality, capability, reputation and experience are considered in client decisions, price remains one of the determining factors in most contract awards.

The Company mitigates competitive risk by seeking to target projects where it has a competitive advantage and can manage its costs and risks. The risk profile of every bid is assessed to determine whether it is in line with the strategic objectives of the Company before approval to tender is given.

D. Project delivery

Execution of projects involves professional judgement in planning, design and installation, often in complex environments. The Company's projects could encounter difficulties that could lead to cost and time overruns, lower revenues, litigation or disputes.

The Company's activities are guided by a framework that mandates consistent policies and procedures. These, combined with comprehensive management oversight, the risk management process, project reviews, internal audit, peer reviews and customer feedback help mitigate the risk to successful project delivery.

SES (ENGINEERING SERVICES) LIMITED

STRATEGIC REPORT

(CONTINUED)

Principal risks and uncertainties (continued)

Risk

Mitigation

E. Inflation

Exposure to unforeseen increases in material and labour costs on existing contracts could have a negative impact on the Company's profit margins as demand increases.

Commodity and labour costs are monitored on an on-going basis. Back to back agreements are entered into to match client and subcontract terms and conditions. Strategic supply agreements are entered into for key commodities and strategic partner relationships formed with key suppliers.

F. Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The approach of the Company is to manage liquidity such that it always has sufficient liquidity to meet its liabilities when due. This applies under both normal and stressed conditions without incurring unacceptable losses or risking damage to its reputation. In addition, the Company is now part of the Wates Group, which seeks to ensure it has efficient cash management processes and carries sufficient cash and credit lines to meet all of its expected operational expenses.

G. Appointing and retaining talented people

The success of the Company is dependent on being able to attract and retain staff that have the necessary experience and expertise. Competition for high quality staff is intense.

As a family-owned business, the Company knows that its people are at the heart of its on-going success. It seeks to mitigate this risk by offering market-competitive remuneration, training and career development opportunities, and by being an attractive and engaging employer. Remuneration and benefits are reviewed regularly to ensure they remain competitive.

Key performance indicators

The Company uses a range of financial and non-financial performance indicators. These are set out below:

- **Profit before tax**

The level of profitability is a key measure of performance across all profit centres and regions of the Company. The reported profit before tax of £1.3m in the year ended 31 December 2017 (2016: loss of £1.5m) reflects the successful integration with Wates Group.

SES (ENGINEERING SERVICES) LIMITED**STRATEGIC REPORT****(CONTINUED)****Key performance indicators (continued)**

- **Order book**

The level of secured orders on which work is to be carried out is a key measure for achieving continued profitability and growth. The current order book gives confidence of achieving the Company's strategic plans.

- **Cash at bank**

Diligent cash management is fundamental to delivering sustainable, profitable growth and the consistent delivery of cash-backed profit remains a key performance indicator for the Company. At 31 December 2017, cash at bank and in hand was £12.8m (2016: £15.4m).

- **Accident frequency rate**

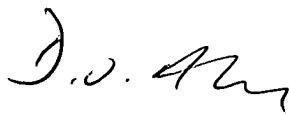
The health and safety of employees and everyone who works with the Company or is affected by its operations is paramount. The Company and its staff have corporate and individual responsibilities to ensure that the Company's operations are managed in a safe, healthy and environmentally controlled manner.

The recognised measure in the construction sector of measuring safety performance is the Accident Frequency Rate (AFR), which measures the number of lost time incidents per 100,000 of hours worked. The AFR for the 12 months to 31 December 2017 was 0.03 (2016: 0.04), which is an upper quartile safety performance in the construction sector.

- **Staff retention**

Our ability to attract, develop and retain excellent people by becoming an employer of choice continues to be a top priority. A measure of how successful we are in retaining staff is the proportion of staff leaving voluntarily over the course of the year. The staff turnover rate for the year ended 31 December 2017 was 15.8% (2016: 13.0%).

Approved by the Board of Directors on 25 June 2018 and signed by order of the board by:



D.O. Allen
Director

SES (ENGINEERING SERVICES) LIMITED

DIRECTORS' REPORT

The directors present their report for the year ended 31 December 2017.

Directors

The directors of the company who were in office during the year and up to the date of signing were:

D.O. Allen	
P. Chandler	(Appointed on 10 November 2017)
P.C. Rowan	
S.J. Togwell	
A.O.B. Davies	(Resigned on 10 November 2017)

Directors' indemnities

Certain directors benefited from qualifying pension scheme indemnity provisions during the financial year and benefit from these at the date of this report.

Dividend

No dividends were proposed or paid in the year (2016: £nil).

Health and Safety

The Board remains committed to the effective management and monitoring of health and safety and to providing a safe working environment for all employees and partners, and to keeping all members of the public with whom the Business comes into contact, free from harm. The Company is participating in the Wates Group's Zero Harm campaign "we're safer together", with the objectives of enhancing the Company's Health and Safety performance and developing the leadership and behaviours that will enable a positive health and safety culture to be created and maintained. All leadership events during the year had a high level of focus on safety matters, enabling employees to remain abreast of legislative changes and behavioural trends.

SES (ENGINEERING SERVICES) LIMITED**DIRECTORS' REPORT****(CONTINUED)****Employees**

The Company recognises the importance of engaging employees to help them make their fullest contribution to the business. Good relations and communication is fundamental to achieving the Company's strategy and long-term objectives. Through a variety of media the Company informs employees about developments and prospects of the Business and in turn listens to employees' views and opinions.

The Company participates in the Wates Group Roadshow, which is open to all employees and is the forum in which the Group Chief Executive informs and updates staff on the Wates Group's performance and future outlook. Regular formal and informal meetings are held at business unit and regional levels and further communication is effected through in-house magazines, electronic bulletins, notice boards, the Wates Group website and a weekly blog, which features guest contributors from all parts of the Business.

The Company is committed to improving the skills of employees through training and development and through nurturing a culture in which employees feel valued for their contribution and motivated to achieve their full potential.

Equal Opportunities

The Company is an equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

People with disabilities are given the same opportunities in respect of employment, training, career development and promotion as those who are not disabled, subject only to the demands of the Company's operations and the abilities of disabled people to fulfil such demands. In the event of employees becoming disabled, the Company will endeavour to continue their employment and arrange appropriate training.

Future developments

The Company expects to continue its principal activity and trade in 2018.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Company's financial statements.

Research and Development

The Company is dedicated to the research and development of innovative engineering and construction methods and techniques, focusing on areas such as project delivery, the development and integration of new materials, energy efficiency and information modelling.

SES (ENGINEERING SERVICES) LIMITED

DIRECTORS' REPORT

(CONTINUED)

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Approved by the Board of Directors on 25 June 2018 and signed by order of the board by:



D.O. Allen
Company Secretary

Registered office:
Wates House
Station Approach
Leatherhead
Surrey KT22 7SW

SES (ENGINEERING SERVICES) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

SES (ENGINEERING SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SES (ENGINEERING SERVICES) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, SES (Engineering Services) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements, which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other

SES (ENGINEERING SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SES (ENGINEERING SERVICES) LIMITED (CONTINUED)

information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Use of this report

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.

SES (ENGINEERING SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SES (ENGINEERING SERVICES) LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
28 June 2018

SES (ENGINEERING SERVICES) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2017

	Note	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Turnover		213,984	159,628
Cost of sales		<u>(194,065)</u>	<u>(145,624)</u>
GROSS PROFIT		19,919	14,004
Administrative expenses		<u>(18,602)</u>	<u>(15,417)</u>
OPERATING PROFIT/(LOSS)	2	1,317	(1,413)
Interest receivable and similar income		-	-
Interest payable and similar charges		<u>(26)</u>	<u>(55)</u>
PROFIT/(LOSS) BEFORE TAXATION		1,291	(1,468)
Taxation on profit/(loss)	4	<u>(429)</u>	<u>(26)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>862</u>	<u>(1,494)</u>

The above results have been derived from continuing operations.

SES (ENGINEERING SERVICES) LIMITED

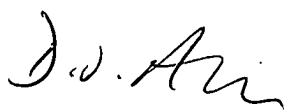
Company number: 690190

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	31 December 2017 £000	31 December 2016 £000
FIXED ASSETS			
Tangible assets	5	2,602	1,990
CURRENT ASSETS			
Debtors (including £7,533,000 (2016: £5,895,000) due after one year)	6	47,588	47,624
Cash at bank and in hand		12,792	15,395
		<u>60,380</u>	<u>63,019</u>
CREDITORS: amounts falling due within one year	7	(62,356)	(65,854)
NET CURRENT LIABILITIES		<u>(1,976)</u>	<u>(2,835)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		626	(845)
CREDITORS: amounts falling due after more than one year	8	(3,947)	(3,338)
NET LIABILITIES		<u>(3,321)</u>	<u>(4,183)</u>
CAPITAL AND RESERVES			
Called up share capital	10	2,500	2,500
Profit and loss account	10	(5,821)	(6,683)
TOTAL SHAREHOLDERS' DEFICIT		<u>(3,321)</u>	<u>(4,183)</u>

The notes on pages 15 to 24 form part of these financial statements.

The financial statements on pages 12 to 24 were approved by the Board of Directors on 25 June 2018 and signed on its behalf by:



D.O. Allen
Director

SES (ENGINEERING SERVICES) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up Share Capital	Profit and loss account	Total shareholders' deficit
	£000	£000	£000
AT 31 DECEMBER 2015	2,500	(5,189)	(2,689)
Total comprehensive expense	-	(1,494)	(1,494)
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2016	2,500	(6,683)	(4,183)
Total comprehensive income	-	862	862
	<hr/>	<hr/>	<hr/>
AT 31 DECEMBER 2017	2,500	(5,821)	(3,321)

The total comprehensive income/expense of the company for each of the financial years above is its profit / loss for the financial year.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(i) General information and basis of accounting

SES (Engineering Services) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 7. The nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The accounting policies have been applied consistently.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the economic environment in which the Company operates.

Under FRS 102 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. Exemptions have also been taken in relation to financial instruments and the remuneration of key management personnel.

(ii) Going Concern

Notwithstanding the Company's net liabilities position, these financial statements have been prepared on a going concern basis. In the general interests of the Group, Wates Construction Limited, the parent company, will continue to provide financial support and other support to the Company at least for the next twelve months from the date of approval of the financial statements and thereafter for the foreseeable future to enable it to continue to trade.

(iii) Turnover

Turnover represents the value of work done on contracting activities, which is recognised on a percentage of completion basis with reference to costs incurred to date as a proportion of total costs, rendering of services and excludes VAT.

(iv) Construction contracts

The principal estimation technique used by the Company in attributing revenue and profit on contracts to a particular accounting period is the preparation of forecasts on a contract by contract basis. These focus on costs to completion and enable an assessment to be made of the final out-turn on each contract. Consistent contract review procedures are in place in respect of contract forecasting.

Profit on contracts is only recognised when the Company is satisfied that the risks on a contract have been mitigated to a suitable level so that the forecast profit can be measured reliably. As a number of risks are not mitigated until a contract has been successfully delivered and final accounts are agreed, profit is not recognised on contracts until the contract is nearing completion. Provision is made for all losses incurred to the accounting date together with any further losses that are foreseen in bringing contracts to completion.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

(iv) Construction contracts (continued)

Variations and claims are recognised once there is sufficient certainty over the probability that they will be received and the amount to be received can be measured reliably

For contracts that are delivered as a service and when the services performed are an indeterminate number of acts over a specified period of time (for example for services such as responsive maintenance and facilities management), revenue is recognised on a straight line basis. For responsive maintenance contracts where the contract can be split in to individual separable projects (and revenue can be directly attributed to that project), each project is accounted for on a percentage completion basis

Amounts recoverable on contracts which are included within debtors are stated at cost plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion and less amounts received as progress payments. Costs for this purpose include the valuation of all work done by subcontractors, whether certified or not; and all overheads other than those relating to the general administration of the relevant companies. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

(v) Pre-contract costs

Tender costs on construction contracts are written off to the profit and loss account up until the point it is virtually certain that the Company will be awarded the contract.

(vi) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on the following tangible fixed assets in equal annual instalments over the estimated useful lives of assets so as to write off the cost less the estimated residual values over the following periods:

Freehold land and buildings	10 to 50 years
Short leasehold	Remaining lease term
Plant and equipment	3 to 10 years

(vii) Research and development

Research and development costs are written off as incurred.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

(viii) Taxation

Current tax is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends to settle on a net basis.

Research and development credits receivable are included in operating profit and are taxed within current tax. Current tax is then paid net of research and development credits receivable

(ix) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(x) Retirement benefits

The Company operates defined contribution schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

(xi) Significant areas of judgement and uncertainty

The estimates and associated assumptions used in the preparation of the financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The most critical accounting policies and significant areas of judgement and estimation arise from the accounting for contracts.

Contract accounting requires estimates to be made for contract costs and income. In many cases, these contractual obligations span more than one financial period. Also the costs and income may be affected by a number of uncertainties that depend on the outcome of future events and may need to be revised as events unfold and uncertainties are resolved.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

(xi) Significant areas of judgement and uncertainty (continued)

Management bases its judgements of costs and income and its assessment of the expected outcome of each contractual obligation on the latest available information which includes detailed contract valuations and forecasts of the costs to complete. The estimates of the contract position and the profit or loss earned to date are updated regularly and significant changes are highlighted through established internal review procedures. The impact of any change in the accounting estimates is then reflected in the financial statements.

2. Operating Profit/(Loss)

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
This is stated after charging / (crediting):		
Depreciation of tangible assets	1,042	1,050
Loss/(Profit) on disposal of tangible fixed assets	4	3
Operating lease rentals – land and buildings	626	438
Operating lease rentals – motor vehicles	447	531
Auditors' remuneration – audit services	43	48
Research and development credits	(911)	(400)
Research and development	2,727	2,727

Remuneration receivable by the Company's auditors other than that shown above is disclosed in the accounts of the ultimate parent company, Wates Group Limited, which is required to prepare consolidated accounts.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. Staff numbers and costs

The monthly average number of persons employed by SES (Engineering Services) Limited during the year, analysed by category, was as follows:

	Year ended 31 December 2017 Number	Year ended 31 December 2016 Number
Operations	815	834
Administration	88	120
	<hr/> 903	<hr/> 954

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	39,133	39,172
Social security costs	4,642	4,613
Other pension costs	2,401	2,374
	<hr/> 46,176	<hr/> 46,159

Remuneration of directors:

No directors receive any remuneration in respect of services to the Company (2016: £nil).

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

4. Tax on loss

a) <u>Analysis of the charge / credit in the year</u>	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Current tax		
UK corporation tax on the profit/(loss) for the year at 19.25% (2016: 20%)	-	481
Adjustments in respect of prior years	(2)	-
Total current tax	(2)	481
Deferred tax		
Origination and reversal of timing differences	349	(490)
Decrease in tax rate	-	26
Adjustments in respect of prior years	82	9
Total deferred tax	431	(455)
Total tax charge on profit/(loss)	429	26

During the year beginning 1 January 2018, the net reversal of deferred tax assets is not expected to increase the corporation tax charge for the year significantly as the net reversal will be offset by lower current tax in respect of timing differences. There is no expiry date on timing differences.

b) Factors affecting the tax charge for the year

The total charge for taxation is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Profit / (Loss) before taxation	1,291	(1,468)
Profit / (Loss) multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	249	(294)
Effects of:		
Income not taxable in determining taxable profit	(118)	-
Permanent disallowable costs	50	28
Utilisation of tax losses	-	(14)
Decrease in tax rate on timing differences	168	297
Other timing differences	-	-
Adjustments in respect of prior years	80	9
Total tax charge for the year	429	26

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. Tangible assets

	Freehold Land and Buildings £000	Short Leasehold £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2017	-	205	5,868	6,073
Additions	-	1,211	455	1,666
Disposals	-	-	(327)	(327)
At 31 December 2017	<u>-</u>	<u>1,416</u>	<u>5,996</u>	<u>7,412</u>
Accumulated Depreciation				
At 1 January 2017	-	143	3,940	4,083
Charge for the year	-	72	970	1,042
Disposals	-	-	(315)	(315)
At 31 December 2017	<u>-</u>	<u>215</u>	<u>4,595</u>	<u>4,810</u>
Net book amounts:				
At 31 December 2017	<u>-</u>	<u>1,201</u>	<u>1,401</u>	<u>2,602</u>
At 31 December 2016	<u>-</u>	<u>62</u>	<u>1,928</u>	<u>1,990</u>

6. Debtors

	2017 £000	2016 £000
Amounts recoverable on contracts	30,485	31,026
Trade debtors	5,334	3,415
Amounts owed by group undertakings	4,827	6,257
Corporation tax	738	359
Deferred tax (note 9)	4,417	4,848
Other debtors	44	93
Prepayments and accrued income	1,743	1,626
	<u>47,588</u>	<u>47,624</u>

Amounts recoverable on contracts include £2,976,000 (2016: £1,688,000) which is recoverable in more than 12 months.

Amounts owed by group companies include £617,000 (2016: £267,000) which is recoverable in more than 12 months.

Deferred tax includes £3,940,000 (2016: £3,940,000) which is recoverable in more than 12 months.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

7. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Advanced payments on account of contracts	7,071	3,598
Trade creditors	25,416	21,499
Amounts owed to group undertakings	4,338	23,515
Other taxation and social security	3,932	2,498
Accruals and deferred income	21,599	14,744
	<u>62,356</u>	<u>65,854</u>

Accruals and deferred income include deferred income of £820k (2016: £688k).

8. Creditors: amounts falling due after more than one year

	2017	2016
	£000	£000
Trade creditors	977	368
Accruals and deferred income	2,970	2,970
	<u>3,947</u>	<u>3,338</u>

Accruals and deferred income include deferred income of £2,970k (2016: £2,970k).

9. Deferred taxation asset

	£000
At 31 December 2016	4,848
Charged to profit and loss account	<u>(431)</u>
At 31 December 2017	<u>4,417</u>

Deferred taxation is provided as follows:

	2017	2016
	£000	£000
Accumulated depreciation in excess of capital allowances	327	282
Other timing differences	<u>4,090</u>	<u>4,566</u>
Deferred taxation asset (see note 6)	<u>4,417</u>	<u>4,848</u>

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

10. Called up share capital and reserves

	2017	2016
	£000	£000
Issued and fully paid: 2,500,000 (2016: 2,500,000) Ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The profit and loss account represents cumulative profits or losses, net of dividends paid.

11. Contingent liabilities

The Company has entered into indemnities with other group undertakings. These indemnities are to third parties in respect of performance bonds granted on behalf of other group companies.

12. Leasing commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017	2016
	£000	£000
Within one year	655	505
In two to five years	1,105	503
	<u>1,760</u>	<u>1,008</u>

13. Related party transactions

The company has taken advantage of exemptions within FRS 102 from disclosing transactions between wholly owned members of a group.

14. Ultimate parent company

The Company's immediate parent company and ultimate parent company are, respectively, Wates Construction Limited and Wates Group Limited, both of which are incorporated in the United Kingdom and registered in England and Wales.

The consolidated financial statements for Wates Construction Limited and Wates Group Limited are available to the public and may be obtained from Wates House, Station Approach, Leatherhead, Surrey, KT22 7SW.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017
NOTES TO THE FINANCIAL STATEMENTS

15. Post balance sheet events

On 15 January 2018 a key customer Carillion Plc entered liquidation. The Company had 4 live contracts with the construction firm. In the opinion of the directors, as at the date of signing the financial statements, there were adequate provisions as at the balance sheet date to address the financial exposure from this event.

Company number: 690190

SES (ENGINEERING SERVICES) LIMITED

Annual Report and Financial Statements

For the Year ended

31 December 2016

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SES (ENGINEERING SERVICES) LIMITED

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SES (ENGINEERING SERVICES) LIMITED

STRATEGIC REPORT

The directors present the Strategic Report which is followed by the Directors' Report and the audited financial statements for the year ended 31 December 2016.

Principal activities

SES (Engineering Services) Limited ("the Company") is one of the UK's leading independent building services businesses. The principal activities of the Company are the provision of building, engineering and facility management services.

Business review and results

On 1 October 2015 SES (Engineering Services) Limited was acquired by Wates Construction Limited ("Wates"), having previously been part of Shepherd Building Group Limited.

Following the acquisition by Wates, the Company's financial year-end was changed from 30 June to 31 December and consequently the comparatives included in these financial statements are for the 18 month period ending 31 December 2015.

The results of this comparative period to December 2015 reflected poor performance on a small number of contracts in London, changes as a result of adopting Wates' accounting policies and one-off costs associated with the sale and subsequent integration of the company.

2016 has been a transitional year for the Company. The integration plan established by Wates at the time of acquisition has been implemented. A new management team has been put in place and a 3 year strategic plan has been developed to secure the Company's long term growth and profitability.

These changes began to influence the Company's performance in 2016. The results demonstrate that the business is heading back towards growth and profit, with a closing cash balance that more than doubled to £15.4m.

The prospects for 2017 are strong and the business is forecast to return profit.

SES (ENGINEERING SERVICES) LIMITED

STRATEGIC REPORT

(CONTINUED)

Principal risks and uncertainties

Risk

Mitigation

A. Health and Safety

The Company is involved in activities and environments that have the potential to cause serious injury to its staff, subcontractors, customers or members of the public, or to damage property, the environment or its reputation.

The health and safety of people is the primary focus of the business. In order to control risk and prevent harm, the Company is focused on achieving the highest standards of health and safety management. This is achieved by establishing effective health and safety procedures and ensuring that effective leadership and organisational arrangements are in place to operate these procedures. Health and safety performance is reviewed regularly against agreed targets by both the Company Board and the Wates Group Board and Executive Committee to facilitate continuous improvement.

B. Market risk

Demand for the services of the Company is cyclical and may be vulnerable to sudden economic downturns or reductions in government and private sector spending. This may result in clients delaying, curtailing or cancelling proposed and existing projects.

The Company's strategic focus is on those market sectors in which a competitive advantage is maintained and that have the most potential to grow revenue. To limit the impact of exposure to any one sector, the Company has diversified its product and service offering across different market sectors.

C. Competition

The construction sector is highly competitive, which can place downward pressure on prices and margins. If it does not compete effectively in its market sectors, the Company runs the risk of losing market share. While service quality, capability, reputation and experience are considered in client decisions, price remains one of the determining factors in most contract awards.

The Company mitigates competitive risk by seeking to target projects where it has a competitive advantage and can manage its costs and risks. The risk profile of every bid is assessed to determine whether it is in line with the strategic objectives of the Company before approval to tender is given.

D. Project delivery

Execution of projects involves professional judgement in planning, design and installation, often in complex environments. The Company's projects could encounter difficulties that could lead to cost and time overruns, lower revenues, litigation or disputes.

The Company's activities are guided by a framework that mandates consistent policies and procedures. These, combined with comprehensive management oversight, the risk management process, project reviews, internal audit, peer reviews and customer feedback help mitigate the risk to successful project delivery.

SES (ENGINEERING SERVICES) LIMITED

STRATEGIC REPORT

(CONTINUED)

Principal risks and uncertainties (continued)

Risk

Mitigation

E. Inflation

Exposure to unforeseen increases in material and labour costs on existing contracts could have a negative impact on the Company's profit margins as demand increases.

Commodity and labour costs are monitored on an on-going basis. Back to back agreements are entered into to match client and subcontract terms and conditions. Strategic supply agreements are entered into for key commodities and strategic partner relationships formed with key suppliers.

F. Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The approach of the Company is to manage liquidity such that it always has sufficient liquidity to meet its liabilities when due. This applies under both normal and stressed conditions without incurring unacceptable losses or risking damage to its reputation. In addition, the Company is now part of the Wates Group, which seeks to ensure it has efficient cash management processes and carries sufficient cash and credit lines to meet all of its expected operational expenses.

G. Appointing and retaining talented people

The success of the Company is dependent on being able to attract and retain staff that have the necessary experience and expertise. Competition for high quality staff is intense.

As a family-owned business, the Company knows that its people are at the heart of its on-going success. It seeks to mitigate this risk by offering market-competitive remuneration, training and career development opportunities, and by being an attractive and engaging employer. Remuneration and benefits are reviewed regularly to ensure they remain competitive.

Key performance indicators

The Company uses a range of financial and non-financial performance indicators. These are set out below:

- **Profit before tax**

The level of profitability is a key measure of performance across all profit centres and regions of the Company. The reported loss before tax of (£1.5m) in the year ended 31 December 2016 (period ended 31 December 2015: loss of £21.9m) reflects the transitional nature of the year and completion of the detailed integration plan for the business.

SES (ENGINEERING SERVICES) LIMITED**STRATEGIC REPORT****(CONTINUED)****Key performance indicators (continued)**

- **Order book**

The level of secured orders on which work is to be carried out is a key measure for achieving continued profitability and growth. The current order book gives confidence of achieving profitable growth in 2017.

- **Cash at bank**

Diligent cash management is fundamental to delivering sustainable, profitable growth and the consistent delivery of cash-backed profit remains a key performance indicator for the Company. At 31 December 2016, cash at bank and in hand was £15.4m (2015: £7.3m).

- **Accident frequency rate**

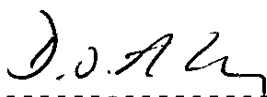
The health and safety of employees and everyone who works with the Company or is affected by its operations is paramount. The Company and its staff have corporate and individual responsibilities to ensure that the Company's operations are managed in a safe, healthy and environmentally *controlled manner*.

The recognised measure in the construction sector of measuring safety performance is the Accident Frequency Rate (AFR), which measures the number of lost time incidents per 100,000 of hours worked. The AFR for the 12 months to 31 December 2016 was 0.04 (2015: 0.07), which is an upper quartile safety performance in the construction sector.

- **Staff retention**

Our ability to attract, develop and retain excellent people by becoming an employer of choice continues to be a top priority. A measure of how successful we are in retaining staff is the proportion of staff leaving voluntarily over the course of the year. The staff turnover rate for the year ended 31 December 2016 was 13.0% (period ended 31 December 2015: 17.8%).

Approved by the Board of Directors on 7 June 2017 and signed by order of the board by:



D.O. Allen
Director

SES (ENGINEERING SERVICES) LIMITED**DIRECTORS' REPORT**

The directors present their report for the year ended 31 December 2016.

Directors

The directors of the company who were in office during the year and up to the date of signing were:

D.O. Allen	(Appointed on 4 January 2016)
A.O.B. Davies	
P.C. Rowan	
S.J. Togwell	
D.H. Davies	(Resigned on 4 January 2016)
J.P. Howell	(Resigned on 30 June 2016)
D.G. Smith	(Resigned on 17 October 2016)

Directors' indemnities

Certain directors benefited from qualifying pension scheme indemnity provisions during the financial year and benefit from these at the date of this report.

Dividend

No dividends were proposed or paid in the year (period ended 31 December 2015: dividend in specie of £1,402,000).

Health and Safety

The Board remains committed to the effective management and monitoring of health and safety and to providing a safe working environment for all employees and partners, and to keeping all members of the public with whom the Business comes into contact, free from harm. The Company is participating in the Wates Group's Zero Harm campaign "we're safer together", with the objectives of enhancing the Company's Health and Safety performance and developing the leadership and behaviours that will enable a positive health and safety culture to be created and maintained. All leadership events during the year had a high level of focus on safety matters, enabling employees to remain abreast of legislative changes and behavioural trends.

SES (ENGINEERING SERVICES) LIMITED**DIRECTORS' REPORT****(CONTINUED)****Employees**

The Company recognises the importance of engaging employees to help them make their fullest contribution to the business. Good relations and communication is fundamental to achieving the Company's strategy and long-term objectives. Through a variety of media the Company informs employees about developments and prospects of the Business and in turn listens to employees' views and opinions.

The Company participates in the Wates Group Roadshow, which is open to all employees and is the forum in which the Group Chief Executive informs and updates staff on the Wates Group's performance and future outlook. Regular formal and informal meetings are held at business unit and regional levels and further communication is effected through in-house magazines, electronic bulletins, notice boards, the Wates Group website and a weekly blog, which features guest contributors from all parts of the Business.

The Company is committed to improving the skills of employees through training and development and through nurturing a culture in which employees feel valued for their contribution and motivated to achieve their full potential.

Equal Opportunities

The Company is an equal opportunities employer and promotes an environment free from discrimination, harassment and victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

People with disabilities are given the same opportunities in respect of employment, training, career development and promotion as those who are not disabled, subject only to the demands of the Company's operations and the abilities of disabled people to fulfil such demands. In the event of employees becoming disabled, the Company will endeavour to continue their employment and arrange appropriate training.

Future developments

The Company expects to continue its principal activity and trade in 2017.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Company's financial statements.

Research and Development

The Company is dedicated to the research and development of innovative engineering and construction methods and techniques, focusing on areas such as project delivery, the development and integration of new materials, energy efficiency and information modelling.

SES (ENGINEERING SERVICES) LIMITED

DIRECTORS' REPORT

(CONTINUED)

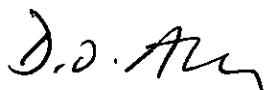
Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Approved by the Board of Directors on 7 June 2017 and signed by order of the board by:



D.O. Allen
Company Secretary

Registered office:
Wates House
Station Approach
Leatherhead
Surrey KT22 7SW

SES (ENGINEERING SERVICES) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

SES (ENGINEERING SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SES (ENGINEERING SERVICES) LIMITED

Report on the financial statements

Our opinion

In our opinion, SES (Engineering Services) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

SES (ENGINEERING SERVICES) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SES (ENGINEERING SERVICES) LIMITED
(continued)**

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors responsibilities set out on page 8, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

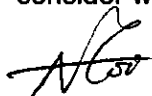
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

SES (ENGINEERING SERVICES) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SES (ENGINEERING SERVICES) LIMITED
(continued)**

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Nicholas Cook (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
7 June 2017

SES (ENGINEERING SERVICES) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 2016

	Note	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Turnover		159,628	242,884
Cost of sales		<u>(145,624)</u>	<u>(235,295)</u>
GROSS PROFIT		14,004	7,589
Administrative expenses		<u>(15,417)</u>	<u>(29,541)</u>
OPERATING LOSS	2	(1,413)	(21,952)
Interest receivable and similar income		-	94
Interest payable and similar charges		<u>(55)</u>	<u>-</u>
LOSS BEFORE TAXATION		(1,468)	(21,858)
Taxation on loss	4	<u>(26)</u>	<u>4,184</u>
LOSS FOR THE FINANCIAL YEAR / PERIOD		<u>(1,494)</u>	<u>(17,674)</u>

The above results have been derived from continuing operations.

SES (ENGINEERING SERVICES) LIMITED

Company number: 690190

BALANCE SHEET AS AT 31 DECEMBER 2016

		31 December 2016	31 December 2015
	Note	£000	£000
FIXED ASSETS			
Tangible assets	5	1,990	2,701
CURRENT ASSETS			
Stocks		-	14
Debtors	6	47,624	38,926
Cash at bank and in hand		15,395	7,279
		<u>63,019</u>	<u>46,219</u>
CREDITORS: amounts falling due within one year	7	<u>(65,854)</u>	<u>(51,424)</u>
NET CURRENT LIABILITIES		<u>(2,835)</u>	<u>(5,205)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(845)	(2,504)
CREDITORS: amounts falling due after more than one year	8	<u>(3,338)</u>	<u>(185)</u>
NET LIABILITIES		<u>(4,183)</u>	<u>(2,689)</u>
CAPITAL AND RESERVES			
Called up share capital	10	2,500	2,500
Profit and loss account	10	<u>(6,683)</u>	<u>(5,189)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(4,183)</u>	<u>(2,689)</u>

The notes on pages 15 to 22 form part of these financial statements.

The financial statements on pages 12 to 22 were approved by the Board of Directors on 7 June 2017 and signed on its behalf by:



D.O. Allen
Director

SES (ENGINEERING SERVICES) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up Share Capital	Profit and loss account	Total shareholders' deficit
	£000	£000	£000
AT 30 JUNE 2014	2,500	13,887	16,387
Total comprehensive expense	-	(17,674)	(17,674)
Dividends paid	-	(1,402)	(1,402)
AT 31 DECEMBER 2015	2,500	(5,189)	(2,689)
Total comprehensive expense	-	(1,494)	(1,494)
AT 31 DECEMBER 2016	2,500	(6,683)	(4,183)

The total comprehensive expense of the company for each of the financial year/period above is its loss for the financial year/period.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(i) General information and basis of accounting

SES (Engineering Services) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 7. The nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The accounting policies have been applied consistently.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the economic environment in which the Company operates.

Under FRS 102 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. Exemptions have also been taken in relation to financial instruments and the remuneration of key management personnel.

(ii) Going Concern

Notwithstanding the Company's net liabilities position, these financial statements have been prepared on a going concern basis. In the general interests of the Group, Wates Construction Limited, the parent company, will continue to provide financial support and other support to the Company at least for the next twelve months from the date of approval of the financial statements and thereafter for the foreseeable future to enable it to continue to trade.

(iii) Turnover

Turnover represents the value of work done on contracting activities and excludes VAT.

(iv) Construction contracts

The principal estimation technique used by the Company in attributing revenue and profit on contracts to a particular accounting period is the preparation of forecasts on a contract by contract basis. These focus on costs to completion and enable an assessment to be made of the final out-turn on each contract. Consistent contract review procedures are in place in respect of contract forecasting.

Profit on contracts is only taken at a stage near enough to completion for that profit to be reasonably certain. Provision is made for all losses incurred to the accounting date together with any further losses that are foreseen in bringing contracts to completion.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

(iv) Construction contracts (continued)

Amounts recoverable on contracts which are included within debtors are stated at cost plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion and less amounts received as progress payments. Costs for this purpose include the valuation of all work done by subcontractors, whether certified or not; and all overheads other than those relating to the general administration of the relevant companies. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

(v) Pre-contract costs

Tender costs on construction contracts are written off to the profit and loss account up until the point it is virtually certain that the Company will be awarded the contract.

(vi) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on the following tangible fixed assets in equal annual instalments over the estimated useful lives of assets so as to write off the cost less the estimated residual values over the following periods:

Freehold land and buildings	10 to 50 years
Short leasehold	Remaining lease term
Plant and equipment	3 to 10 years

(vii) Research and development

Research and development costs are written off as incurred.

(viii) Taxation

Current tax is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognized in the financial statements.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

(viii) Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax expense or income is recognized in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends to settle on a net basis.

(ix) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(x) Retirement benefits

The Company operates defined contribution schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

(xi) Significant areas of judgement and uncertainty

The estimates and associated assumptions used in the preparation of the financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The most critical accounting policies and significant areas of judgement and estimation arise from the accounting for contracts.

Contract accounting requires estimates to be made for contract costs and income. In many cases, these contractual obligations span more than one financial period. Also the costs and income may be affected by a number of uncertainties that depend on the outcome of future events and may need to be revised as events unfold and uncertainties are resolved.

Management bases its judgements of costs and income and its assessment of the expected outcome of each contractual obligation on the latest available information which includes detailed contract valuations and forecasts of the costs to complete. The estimates of the contract position and the profit or loss earned to date are updated regularly and significant changes are highlighted through established internal review procedures. The impact of any change in the accounting estimates is then reflected in the financial statements.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Operating Loss

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
This is stated after charging / (crediting):		
Depreciation of tangible assets	1,050	1,570
Loss/(Profit) on disposal of tangible fixed assets	3	(10)
Operating lease rentals – land and buildings	438	743
Operating lease rentals – motor vehicles	531	989
Auditors' remuneration – audit services	48	45
Research and development	2,727	2,625

Remuneration receivable by the Company's auditors other than that shown above is disclosed in the accounts of the ultimate parent company, Wates Group Limited, which is required to prepare consolidated accounts.

3. Staff numbers and costs

The monthly average number of persons employed by SES (Engineering Services) Limited during the year / 18 month period, analysed by category, was as follows:

	Year ended 31 December 2016 Number	Period ended 31 December 2015 Number
Operations	834	802
Administration	120	138
	954	940

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	39,172	56,666
Social security costs	4,613	6,403
Other pension costs	2,374	3,386
	46,159	66,455

Remuneration of directors:

No directors receive any remuneration in respect of services to the Company (period ended 31 December 2015: £nil).

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

4. Tax on loss

<u>a) Analysis of the charge / credit in the year / period</u>	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Current tax		
UK corporation tax on the loss for the year at 20% (period ended 31 Dec 2015: 20.5%)	481	-
Adjustments in respect of prior years	-	1
	<hr/>	<hr/>
Total current tax	481	1
Deferred tax		
Origination and reversal of timing differences	(490)	(4,219)
Decrease in tax rate	26	30
Adjustments in respect of prior years	9	4
	<hr/>	<hr/>
Total deferred tax	(455)	(4,185)
	<hr/>	<hr/>
Total tax charge / (credit) on loss	26	(4,184)

During the year beginning 1 January 2017, the net reversal of deferred tax assets is not expected to increase the corporation tax charge for the year significantly as the net reversal will be offset by lower current tax in respect of timing differences. There is no expiry date on timing differences.

b) Factors affecting the tax charge / (credit) for the year / period

The total charge / (credit) for taxation is higher (period ended 2015: lower) than the standard rate of corporation tax in the UK of 20% (period ended 31 December 2015: 20.5%). The differences are explained below:

	Year ended 31 December 2016 £000	Period ended 31 December 2015 £000
Loss before taxation	(1,468)	(21,858)
Loss multiplied by standard rate of corporation tax in the UK of 20% (period ended 31 December 2015: 20.5%)	(294)	(4,481)
Effects of:		
Income not taxable in determining taxable profit	-	(36)
Permanent disallowable costs	28	47
Utilisation of tax losses	(14)	-
Decrease in tax rate on timing differences	297	343
Other timing differences	-	(62)
Adjustments in respect of prior years	9	5
	<hr/>	<hr/>
Total tax charge / (credit) for the year / period	26	(4,184)

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. Tangible assets

	Freehold Land and Buildings £000	Short Leasehold £000	Plant and equipment £000	Total £000
Cost				
At 1 January 2016	154	245	7,560	7,959
Additions	-	-	617	617
Transfers	(154)	-	154	-
Disposals	-	(40)	(2,463)	(2,503)
At 31 December 2016	<u>-</u>	<u>205</u>	<u>5,868</u>	<u>6,073</u>
Accumulated Depreciation				
At 1 January 2016	17	126	5,115	5,258
Charge for the year	17	51	982	1,050
Transfers	(34)	-	34	-
Disposals	-	(34)	(2,191)	(2,225)
At 31 December 2016	<u>-</u>	<u>143</u>	<u>3,940</u>	<u>4,083</u>
Net book amounts:				
At 31 December 2016	<u>-</u>	<u>62</u>	<u>1,928</u>	<u>1,990</u>
At 31 December 2015	<u>137</u>	<u>119</u>	<u>2,445</u>	<u>2,701</u>

6. Debtors

	2016 £000	2015 £000
Amounts recoverable on contracts	31,026	24,975
Trade debtors	3,415	4,717
Amounts owed by group undertakings	6,257	2,723
Corporation tax	359	441
Deferred tax (note 9)	4,848	4,393
Other debtors	93	547
Prepayments and accrued income	1,626	1,130
	<u>47,624</u>	<u>38,926</u>

Amounts recoverable on contracts include £1,688,000 (2015: £1,190,000) which is recoverable in more than 12 months.

Amounts owed by group companies include £267,000 (2015: £207,000) which is recoverable in more than 12 months.

Deferred tax includes £3,940,000 (2015: £3,533,000) which is recoverable in more than 12 months.

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

7. Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Advanced payments on account of contracts	3,598	3,296
Trade creditors	21,499	22,786
Amounts owed to group undertakings	23,515	14,782
Other taxation and social security	2,498	3,025
Accruals and deferred income	14,744	7,535
	65,854	51,424

8. Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
Trade creditors	368	185
Accruals and deferred income	2,970	-
	3,338	185

9. Deferred taxation asset

		£000
At 31 December 2015		4,393
Credited to profit and loss account		455
At 31 December 2016		4,848
Deferred taxation is provided as follows:		
	2016	2015
	£000	£000
Accumulated depreciation in excess of capital allowances	282	230
Other timing differences	4,566	4,163
Deferred taxation asset (see note 6)	4,848	4,393

SES (ENGINEERING SERVICES) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

10. Called up share capital and reserves

	2016	2015
	£000	£000
Issued and fully paid: 2,500,000 (2015: 2,500,000) Ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The profit and loss account represents cumulative profits or losses, net of dividends paid.

11. Contingent liabilities

The Company has entered into indemnities with other group undertakings. These indemnities are to third parties in respect of performance bonds granted on behalf of other group companies.

12. Leasing commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016	2015
	£000	£000
Within one year	505	762
In two to five years	503	934
	<u>1,008</u>	<u>1,696</u>

13. Related party transactions

The company has taken advantage of exemptions within FRS 102 from disclosing transactions between wholly owned members of a group.

14. Ultimate parent company

The Company's immediate parent company and ultimate parent company are, respectively, Wates Construction Limited and Wates Group Limited, both of which are incorporated in the United Kingdom and registered in England and Wales.

The consolidated financial statements for Wates Construction Limited and Wates Group Limited are available to the public and may be obtained from Wates House, Station Approach, Leatherhead, Surrey, KT22 7SW.

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

Wates Group is a family owned Construction, House Building, Maintenance, Building Services and Facility Management Services company. As a leader in our chosen markets, our objective is to deliver excellent services for our customers, resulting in safe, fair and professional contracting services at all times.

We recognise that the execution of our services involves labour being procured throughout our business and supply chains and understand that this entails the risk that modern slavery may take place. Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. We have a zero-tolerance approach to modern slavery, and we are committed to acting ethically and with integrity in all of our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure that modern slavery is not taking place anywhere in either our own business, or in any of the businesses of our supply chains.

Our approach to ensuring that slavery and human trafficking do not take place within our organisation is one of risk management driven by our core values:

INTEGRITY

We are committed to ensuring that there is transparency in our business and in our approach to tackling modern slavery that is consistent with our disclosure obligations under the Modern Slavery Act 2015.

INTELLIGENCE

We will take an intelligent approach to ensuring that our business and supply chains have effective systems and controls in place to ensure that slavery does not take place.

TEAMWORK

Our employees and supply chain will work together in alignment with our internal processes to ensure compliance with the Modern Slavery Act 2015.

PERFORMANCE

We are committed to implementing systems and processes to ensure that there is zero-tolerance towards any acts of modern slavery within our business and throughout our supply chains.

RESPECT FOR PEOPLE AND COMMUNITIES

We believe that modern slavery violates fundamental human rights and we are committed to play our part in ensuring that this does not take place within our community.

In adhering to this policy, in particular we will:-

- Include, as part of our contracting processes within our supply chain, obligations to ensure compliance with the requirements of the Modern Slavery Act 2015.
- Encourage openness and provide support to anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. We are committed to ensuring that no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery of whatever form is, or may be, taking place in any part of our own business or in the businesses of any of our supply chains.
- Communicate our zero-tolerance approach to modern slavery with our supply chain and business partners at the outset of our business relationship with them.

Our employees are collectively and personally responsible for the communication, understanding and practical application of this policy. This policy will be made available to all new employees at recruitment stage and to our supply chain and to any other interested parties upon request. Revisions will be communicated to those affected by the changes.

Our employees have a personal responsibility to report any actual or suspected instances of modern slavery throughout the business or supply chain to the Wates Group's Commercial Legal Advisor. Breaches of this policy will be dealt with under Wates Group's disciplinary procedures, and could lead to dismissal in appropriate circumstances.

The Executive Committee has overall responsibility for ensuring this policy is complied with and will review it at least once per year, and at such other times as may be required, to ensure it remains relevant and appropriate to the aims and objectives of our business.



For and on behalf of the Executive Committee

JASON KNIGHTS

Managing Director SES (Engineering Services) Limited
October 2018