

Company Registration No. 00182455 (England and Wales)

HARPER GROUP CONSTRUCTION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013



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HARPER GROUP CONSTRUCTION LIMITED

COMPANY INFORMATION

Directors	Miss V Overton Mr A Rees Mr M Harvey Mr P Mondon
Secretary	Miss V Overton
Company number	00182455
Registered office	Beeches Road Rowley Regis Warley West Midlands B65 0BB
Auditors	CK Audit No 4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH
Business address	Beeches Road Rowley Regis Warley West Midlands B65 0BB
Bankers	HSBC Bank Plc 31 Church Street Kidderminster Worcestershire West Midlands DY10 2AY

HARPER GROUP CONSTRUCTION LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 15

HARPER GROUP CONSTRUCTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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

Review of the business

The Directors are pleased to report continuing profitability and increased activity in 2013 despite the challenging economic environment

Our aim is to ensure the longevity of our company through repeat and referral business achieved by customer satisfaction in all areas including delivering our projects on time, within budget, safely, and to a high quality at a fair and market competitive price

The company is always striving to achieve the highest standards of excellence from client relationships through to skills, build quality and employee welfare. We will continue to operate our business with honesty and integrity and fairness in all our relationships with our suppliers, subcontractors, professional associates and customers

By employing highly skilled staff and implementing best building practices we have been able to achieve a high quality of workmanship and we are continuously improving and developing the skills of our workforce resulting in our ability to offer the highest standards to our clients. Our continued success is due to the hard work of our committed and professional staff allowing us to remain well positioned in today's changing environment

All our employees are committed to working towards creating and maintaining a sustainable built environment and it is through their effort and commitment that we remain a strong business

With our broad and flexible capability we are able to adapt to changing markets and will continue delivering all construction types of all sizes under all procurement routes

The business continually sets Key Performance Indicators against which we measure, analyse and adapt our working practices including client satisfaction, staff turnover, sickness and absenteeism, training, equality and diversity, qualifications and skills, and health and safety

With our order books at a level of £1.2m we have entered the new financial year in a good position with 40% of the targeted revenue for 2014 secured and tender enquiry levels remain high

The company continues to build on the previous year's performance and the Directors are optimistic that this will be maintained through 2014. The Directors are confident that the company will continue to re-establish itself within the sector with enquiry levels providing further encouragement

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the strong competition within the sector and the general outlook for the UK and the regional economies. Risks are reviewed by the directors' and appropriate processes are put into place to monitor and mitigate them

In the opinion of the directors the financial position of the company at the balance sheet date is satisfactory



Mr A Rees

Director

14 April 2014

HARPER GROUP CONSTRUCTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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

Principal activities

The principal activity of the company continues to be the provision of building contractor services delivering all construction types, including but not restricted to, commercial, industrial, leisure and retail, health, education, refurbishment, public buildings, affordable and private housing of all sizes under all procurement routes

Results and dividends

The results for the year are set out on page 6

Directors

The following directors have held office since 1 January 2013

Miss V Overton
Mr A Rees
Mr M Harvey
Mr P Mondon

Auditors

The auditors, CK Audit, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

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

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

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

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

HARPER GROUP CONSTRUCTION LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr A Rees

Director

14 April 2014

HARPER GROUP CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HARPER GROUP CONSTRUCTION LIMITED

We have audited the financial statements of Harper Group Construction Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the Companies Act 2006,

Opinion on other matter prescribed by the Companies Act 2006

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

HARPER GROUP CONSTRUCTION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF HARPER GROUP CONSTRUCTION LIMITED

Matters on which we are required to report by exception

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

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



Wendy Davies (Senior Statutory Auditor)
for and on behalf of CK Audit

14 April 2014

Chartered Accountants
Statutory Auditor

No 4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

HARPER GROUP CONSTRUCTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	2,681,713	2,226,970
Cost of sales		(2,338,933)	(1,918,177)
Gross profit		342,780	308,793
Administrative expenses		(264,081)	(228,285)
Other operating income		5,384	3,894
Operating profit	3	84,083	84,402
Interest payable and similar charges	4	(739)	(656)
Profit on ordinary activities before taxation		83,344	83,746
Tax on profit on ordinary activities	5	-	-
Profit for the year	13	83,344	83,746

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

HARPER GROUP CONSTRUCTION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	6		12,084		15,662
Current assets					
Stocks	7	105,085		105,085	
Debtors	8	382,796		324,078	
Cash at bank and in hand		156,072		39,217	
		<u>643,953</u>		<u>468,380</u>	
Creditors: amounts falling due within one year	9	<u>(1,117,920)</u>		<u>(834,247)</u>	
Net current liabilities			<u>(473,967)</u>		<u>(365,867)</u>
Total assets less current liabilities			<u>(461,883)</u>		<u>(350,205)</u>
Creditors: amounts falling due after more than one year	10		<u>(2,758,778)</u>		<u>(2,953,800)</u>
			<u>(3,220,661)</u>		<u>(3,304,005)</u>
Capital and reserves					
Called up share capital	12	600,000		600,000	
Profit and loss account	13	(3,820,661)		(3,904,005)	
Shareholders' funds	14	<u>(3,220,661)</u>		<u>(3,304,005)</u>	

Approved by the Board and authorised for issue on 14 April 2014

Mr M Harvey
Director

Company Registration No. 00182455

HARPER GROUP CONSTRUCTION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	£	2013 £	£	2012 £
Net cash inflow from operating activities		117,594		5,843
Returns on investments and servicing of finance				
Interest paid	(739)		(656)	
Net cash outflow for returns on investments and servicing of finance		(739)		(656)
Net cash inflow before management of liquid resources and financing		116,855		5,187
Increase in cash in the year		116,855		5,187

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

1	Reconciliation of operating profit to net cash outflow from operating activities	2013	2012
		£	£
	Operating profit	84,083	84,402
	Depreciation of tangible assets	3,578	4,059
	Increase in debtors	(58,718)	(165,184)
	Increase in creditors within one year	283,673	354,342
	Increase/(decrease) in creditors more than one year	(195,022)	(271,776)
	Net cash inflow from operating activities	117,594	5,843

2	Analysis of net debt	1 January 2013	Cash flow	Other non- cash changes	31 December 2013
		£	£	£	£
	Net cash				
	Cash at bank and in hand	39,217	116,855	-	156,072
	Bank deposits	-	-	-	-
	Debt				
	Debts falling due after one year	(2,953,800)	195,022	-	(2,758,778)
	Net debt	(2,914,583)	311,877	-	(2,602,706)

3	Reconciliation of net cash flow to movement in net debt	2013	2012
		£	£
	Increase in cash in the year	116,855	5,187
	Cash outflow from decrease in debt	195,022	271,776
	Movement in net debt in the year	311,877	276,963
	Opening net debt	(2,914,583)	(3,191,546)
	Closing net debt	(2,602,706)	(2,914,583)

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	10% straight line
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance

1.5 Stock

Stock is valued at the lower of cost and net realisable value

1.6 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account

1.7 Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

3	Operating profit	2013	2012
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	3,578	4,059
	Fees payable to the company's auditor for the audit of the company's annual accounts and after crediting	2,500	2,250
	Rents receivable	5,384	3,894
		<u> </u>	<u> </u>

Fees paid to the company's auditor, CK Audit, for services other than the statutory audit of the company are not disclosed in Harper Group Construction Limited's accounts, since the consolidated accounts of Harper Group Construction Limited's ultimate parent company, Harper Group Management Limited, are required to disclose non-audit fees on a consolidated basis

4	Interest payable	2013	2012
		£	£
	On bank loans and overdrafts	18	-
	Other interest	721	656
		<u> </u>	<u> </u>
		739	656
		<u> </u>	<u> </u>

5	Taxation	2013	2012
	Total current tax	-	-
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	83,344	83,746
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2012 - 20.00%)	16,669	16,749
		<u> </u>	<u> </u>
	Effects of		
	Non deductible expenses	20	-
	Depreciation in excess of capital allowances	236	206
	Other tax adjustments	(16,925)	(16,955)
		<u> </u>	<u> </u>
		(16,669)	(16,749)
		<u> </u>	<u> </u>
	Current tax charge for the year	-	-
		<u> </u>	<u> </u>

The company has estimated losses of £ 2,456,172 (2012 - £ 2,540,796) available for carry forward against future trading profits

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

6 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2013 & at 31 December 2013	20,924	1,400	166,250	188,574
Depreciation				
At 1 January 2013	11,159	1,385	160,368	172,912
Charge for the year	2,092	15	1,471	3,578
At 31 December 2013	13,251	1,400	161,839	176,490
Net book value				
At 31 December 2013	7,673	-	4,411	12,084
At 31 December 2012	9,765	15	5,882	15,662

7 Stocks

	2013 £	2012 £
Development land	105,085	105,085

8 Debtors

	2013 £	2012 £
Trade debtors	207,845	-
Amounts recoverable on long term contracts	169,977	316,131
Other debtors	1,319	4,068
Prepayments and accrued income	3,655	3,879
	382,796	324,078

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

9	Creditors: amounts falling due within one year	2013	2012
		£	£
	Payments received on account	196,999	-
	Trade creditors	867,726	766,616
	Amounts owed to parent and fellow subsidiary undertakings	11,344	6,429
	Taxes and social security costs	25,430	47,613
	Other creditors	2,373	1,926
	Accruals and deferred income	14,048	11,663
		<u>1,117,920</u>	<u>834,247</u>

10	Creditors amounts falling due after more than one year	2013	2012
		£	£
	Amounts owed to group undertakings	<u>2,758,778</u>	<u>2,953,800</u>

11 Pension and other post-retirement benefit commitments **Defined contribution**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2013	2012
	£	£
Contributions payable by the company for the year	<u>15,923</u>	<u>15,421</u>

12	Share capital	2013	2012
		£	£
	Allotted, called up and fully paid		
	600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

13 Statement of movements on profit and loss account

	Profit and loss account
	£
Balance at 1 January 2013	(3,904,005)
Profit for the year	83,344
	<u> </u>
Balance at 31 December 2013	<u><u>(3,820,661)</u></u>

14 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	83,344	83,746
Opening shareholders' funds	<u>(3,304,005)</u>	<u>(3,387,751)</u>
Closing shareholders' funds	<u><u>(3,220,661)</u></u>	<u><u>(3,304,005)</u></u>

15 Contingent liabilities

The company is party to unlimited guarantees and cross guarantees with other group companies to secure overdraft facilities of Harper Group Plc and its subsidiaries. As at 31 December 2013 the amount owing by other group companies was £Nil (2012 £Nil).

HARPER GROUP CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013 Number	2012 Number
Administration staff	3	3
Site based	7	9
	<u>10</u>	<u>12</u>

Employment costs

	2013 £	2012 £
Wages and salaries	331,815	325,404
Social security costs	35,250	33,642
Other pension costs	15,923	15,421
	<u>382,988</u>	<u>374,467</u>

17 Control

The company's immediate parent company is Harper Group plc

The ultimate parent company is Harper Group Management Limited, a company registered in England and Wales

Harper Group Management Limited prepares group financial statements and copies can be obtained from Beeches Road, Rowley Regis, Warley, West Midlands, B65 0BB

18 Related party relationships and transactions

During the year the company paid rent to Beeches Three Limited, a company under common control amounting to £nil (2012 £8,200)

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions