

Company Registration No. 00182455 (England and Wales)

**HARPER GROUP CONSTRUCTION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

# HARPER GROUP CONSTRUCTION LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Miss V Overton Mr A Rees Mr M Harvey Mr P Mondon
<b>Secretary</b>	Miss V Overton
<b>Company number</b>	00182455
<b>Registered office</b>	Units 1 & 2 Bevan Industrial Estate Brierley Hill West Midlands DY5 3TF
<b>Auditor</b>	CK Audit No.4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH
<b>Business address</b>	Units 1 & 2 Bevan Industrial Estate Brierley Hill West Midlands DY5 3TF
<b>Bankers</b>	HSBC Bank Plc 31 Church Street Kidderminster Worcestershire West Midlands DY10 2AY

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# HARPER GROUP CONSTRUCTION LIMITED

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# HARPER GROUP CONSTRUCTION LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

### Principal activities

The principal activity of the company continues to be the provision of building contractor and development 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.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

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

### Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, 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 annual 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.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 auditor is aware of that information.

# **HARPER GROUP CONSTRUCTION LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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On behalf of the board

Mr A Rees

**Director**

19 April 2018

# HARPER GROUP CONSTRUCTION LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HARPER GROUP CONSTRUCTION LIMITED

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#### Opinion

We have audited the financial statements of Harper Group Construction Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

- 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.

#### Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other 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 in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

# **HARPER GROUP CONSTRUCTION LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF HARPER GROUP CONSTRUCTION LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

19 April 2018

**Chartered Accountants**  
**Statutory Auditor**

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

## HARPER GROUP CONSTRUCTION LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	3,759,588	3,124,173
Cost of sales		(3,226,564)	(2,732,979)
<b>Gross profit</b>		533,024	391,194
Administrative expenses		(199,994)	(189,139)
Other operating income		5,196	4,613
<b>Operating profit</b>	<b>4</b>	338,226	206,668
Interest payable and similar expenses	<b>7</b>	(20,326)	-
<b>Profit before taxation</b>		317,900	206,668
Tax on profit	<b>8</b>	180,223	-
<b>Profit for the financial year</b>		498,123	206,668

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.



# HARPER GROUP CONSTRUCTION LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	9		153		3,258
<b>Current assets</b>					
Stocks	10	105,000		105,000	
Debtors falling due after more than one year					
	11	270,223		100,000	
Debtors falling due within one year	11	631,362		586,725	
Cash at bank and in hand		857,388		986,424	
		<u>1,863,973</u>		<u>1,778,149</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,556,160)</u>		<u>(1,921,564)</u>	
<b>Net current assets/(liabilities)</b>			307,813		(143,415)
<b>Total assets less current liabilities</b>			307,966		(140,157)
<b>Creditors: amounts falling due after more than one year</b>	13		(870,833)		(920,833)
<b>Net liabilities</b>			<u>(562,867)</u>		<u>(1,060,990)</u>
<b>Capital and reserves</b>					
Called up share capital	17		600,000		600,000
Profit and loss reserves	18		(1,162,867)		(1,660,990)
<b>Total equity</b>			<u>(562,867)</u>		<u>(1,060,990)</u>

The financial statements were approved by the board of directors and authorised for issue on 19 April 2018 and are signed on its behalf by:

Mr M Harvey  
Director

Company Registration No. 00182455

## HARPER GROUP CONSTRUCTION LIMITED

### STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2017*

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2016</b>	600,000	(1,867,658)	(1,267,658)
<b>Year ended 31 December 2016:</b>			
Profit and total comprehensive income for the year	-	206,668	206,668
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	600,000	(1,660,990)	(1,060,990)
<b>Year ended 31 December 2017:</b>			
Profit and total comprehensive income for the year	-	498,123	498,123
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<u>600,000</u>	<u>(1,162,867)</u>	<u>(562,867)</u>

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

#### Company information

Harper Group Construction Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 1 & 2, Bevan Industrial Estate, Brierley Hill, West Midlands, DY5 3TF.

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the reduced disclosure exemptions for subsidiaries as follows:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

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

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

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

#### **1.14 Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Construction contract revenue

Construction contract revenue reflects management's best estimate of the outcome and stage of completion of each contract. This includes the assessment of the profitability of each ongoing contract and estimates of costs to complete. For certain contracts the costs to complete and contract profitability are subject to significant estimation uncertainty.

#### Recoverability of amounts due from contract customers

The directors have considered the recoverability of amounts due from contract customers which at the year end amounted to £402,336 (2016 £521,006). Where amounts represent current valuations the directors are satisfied that amounts will be settled promptly on presentation of an invoice. The directors review amounts outstanding relating to retentions and consider whether there are any issues on the contract which need to be resolved, whether any further costs need to be taken in to account and the likelihood of amounts being recovered. Based on these reviews, the directors are satisfied with the recoverability of balances due from contract customers at the year end.

#### Impairment of trade receivables

A provision for doubtful trade receivables is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered. The directors are satisfied that there is no impairment of trade receivables at the year end.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Sale of services	3,759,588	3,124,173
	<u>          </u>	<u>          </u>
	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	3,759,588	3,124,173
	<u>          </u>	<u>          </u>



# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover and other revenue (Continued)

The whole of the turnover is attributable to the UK market.

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	3,105	2,713
	<u>3,105</u>	<u>2,713</u>

### 5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	3,000	2,750
	<u>3,000</u>	<u>2,750</u>
<b>For other services</b>		
Taxation compliance services	750	750
All other non-audit services	750	1,000
	<u>1,500</u>	<u>1,750</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administration staff	4	3
Site based	7	3
	<u>11</u>	<u>6</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	379,591	154,549
Social security costs	39,731	17,779
Pension costs	22,308	10,403
	<u>441,630</u>	<u>182,731</u>

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Interest payable and similar expenses

	2017	2016
	£	£
Interest payable to group undertakings	20,326	-
	<u>20,326</u>	<u>-</u>

### 8 Taxation

	2017	2016
	£	£
<b>Deferred tax</b>		
Origination and reversal of timing differences	(180,223)	-
	<u>(180,223)</u>	<u>-</u>

Following 2016 Budget announcements, there has been a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017.

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	317,900	206,668
	<u>317,900</u>	<u>206,668</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	60,401	41,334
Tax effect of utilisation of tax losses not previously recognised	(60,785)	(41,612)
Change in unrecognised deferred tax assets	(179,839)	278
	<u>(179,839)</u>	<u>278</u>
Taxation credit for the year	(180,223)	-
	<u>(180,223)</u>	<u>-</u>

The company has estimated tax losses of £1,738,015 (2016 - £2,057,936) available for carry forward against future trading profits.

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 9 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2017 and 31 December 2017	20,924	1,400	166,250	188,574
<b>Depreciation and impairment</b>				
At 1 January 2017	19,527	1,400	164,389	185,316
Depreciation charged in the year	1,397	-	1,708	3,105
At 31 December 2017	20,924	1,400	166,097	188,421
<b>Carrying amount</b>				
At 31 December 2017	-	-	153	153
At 31 December 2016	1,397	-	1,861	3,258

### 10 Stocks

	2017 £	2016 £
Development land	105,000	105,000

### 11 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	135,271	1,839
Gross amounts due from contract customers	402,336	521,006
Other debtors	30,578	11,362
Prepayments and accrued income	3,177	2,518
	571,362	536,725
Deferred tax asset (note 15)	60,000	50,000
	631,362	586,725
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 15)	270,223	100,000
<b>Total debtors</b>	901,585	686,725

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Creditors: amounts falling due within one year

	2017 £	2016 £
Payments received on account	86,006	-
Trade creditors	1,388,047	1,856,696
Amounts due to fellow group undertakings	57,490	50,000
Other taxation and social security	853	2,849
Accruals and deferred income	23,764	12,019
	<u>1,556,160</u>	<u>1,921,564</u>

### 13 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Other borrowings	14	<u>870,833</u>	<u>920,833</u>
Amounts included above which fall due after five years are as follows:			
Payable by instalments		<u>670,833</u>	<u>720,833</u>

### 14 Loans and overdrafts

	2017 £	2016 £
Loans from group undertakings	<u>870,833</u>	<u>920,833</u>

The loan due to fellow group undertakings is subject to a formal loan agreement with the following terms:

- Repayment £4,167 per month
- Interest 1% per annum above base
- Term 20 years from 1 June 2016

### 15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £	Assets 2016 £
<b>Balances:</b>		
Tax losses	<u>330,223</u>	<u>150,000</u>

# HARPER GROUP CONSTRUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

<b>15</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2017</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability/(Asset) at 1 January 2017	(150,000)
	Credit to profit or loss	(180,223)
	Liability/(Asset) at 31 December 2017	<u>(330,223)</u>

The deferred tax asset set out above is expected to reverse within 5 years and relates to the utilisation of tax losses against future expected profits of the same period.

<b>16</b>	<b>Retirement benefit schemes</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Defined contribution schemes</b>		
	Charge to profit or loss in respect of defined contribution schemes	<u>22,308</u>	<u>10,403</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

<b>17</b>	<b>Share capital</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	<b>Ordinary share capital</b>		
	<b>Issued and fully paid</b>		
	600,000 Ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>
		<u>600,000</u>	<u>600,000</u>

<b>18</b>	<b>Profit and loss reserves</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	At 1 January 2017	(1,660,990)	(1,867,658)
	Profit for the year	<u>498,123</u>	<u>206,668</u>
	At 31 December 2017	<u>(1,162,867)</u>	<u>(1,660,990)</u>

## **HARPER GROUP CONSTRUCTION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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#### **19 Financial commitments, guarantees and 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 2016 the amount owing by other group companies was £nil (2016 £nil).

J. Harper & Sons (Leominster) Limited has provided a full cross guarantee in respect of a subcontractor supplier of Harper Group Construction Limited.

#### **Performance bonds**

Performance bonds require the bondsmen to make payments to third parties in the event that the company does not perform what is expected of it under the terms of any related contracts or commercial arrangements. Performance bonds at the year end amounted to £55,404 (2016 £0)

#### **20 Controlling party**

The directors regard Harper Group Management Limited, a company registered in England and Wales as the ultimate parent company.

The immediate parent company is Harper Group plc.

The directors regard Harper Group Management Limited, a company registered in England and Wales as the ultimate controlling party.

Harper Group Management Limited is the parent undertaking of the largest group of which the company is a member and for which group financial statements are drawn up.

Harper Group Management Limited prepares group financial statements and copies can be obtained from Units 1 & 2, Bevan Industrial Estate, Brierley Hill, West Midlands, DY5 3TF.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.