

Company Registration No. 01854872 (England and Wales)

HARPER GROUP PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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HARPER GROUP PLC

COMPANY INFORMATION

Directors	Miss V Overton Mr A Rees Mr M Harvey Mr P Mondon
Secretary	Miss V Overton
Company number	01854872
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 PLC

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 - 17

HARPER GROUP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present the strategic report and financial statements for the year ended 31 December 2014.

Review of the business

The Directors are pleased to report continuing profitability and increased activity of subsidiary undertakings in 2014. A large number of projects have been secured for 2015 and enquiry levels remain high.

The Directors 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.

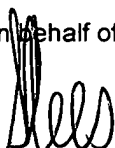
The company is always striving to achieve the highest standards of excellence from client relationships through to skills, build quality and employee welfare. We will continue to operate our business with honesty and integrity and fairness in all our relationships with our suppliers, subcontractors,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

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.

The Group strategy is to ensure that the operating costs are correlated to the appropriate available workload and, on this basis, the Directors remain positive about continuing to operate profitably during 2015.

On behalf of the board



Mr A Rees

Director

2 April 2015

HARPER GROUP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Principal activities

The company is a parent company. The principal activities of the subsidiary undertakings are 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.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2014:

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 Strategic Report, 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 PLC

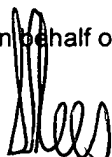
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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

2 April 2015

HARPER GROUP PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARPER GROUP PLC

We have audited the financial statements of Harper Group Plc for the year ended 31 December 2014 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 2014 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.

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.

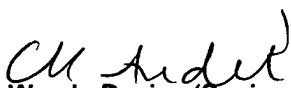
HARPER GROUP PLC

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF HARPER GROUP PLC

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

2 April 2015

Chartered Accountants
Statutory Auditor

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

HARPER GROUP PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Administrative expenses		7,316	2,958
Operating profit	2	7,316	2,958
Other interest receivable and similar income	3	17	-
Interest payable and similar charges	4	(495)	(401)
Profit on ordinary activities before taxation		6,838	2,557
Tax on profit on ordinary activities	5	-	2,378
Profit for the year	13	6,838	4,935

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 PLC

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	6		1,590		2,120
Investments	7		1,932,154		1,932,154
			<u>1,933,744</u>		<u>1,934,274</u>
Current assets					
Debtors: amounts falling due within one year	8	2,395		4,621	
Debtors: amounts falling due after more than one year	8	1,865,353		1,885,365	
Cash at bank and in hand		75,174		58,888	
		<u>1,942,922</u>		<u>1,948,874</u>	
Creditors: amounts falling due within one year	9	(238,564)		(310,050)	
Net current assets			<u>1,704,358</u>		<u>1,638,824</u>
Total assets less current liabilities			3,638,102		3,573,098
Creditors: amounts falling due after more than one year	10		(2,173,018)		(2,114,852)
			<u>1,465,084</u>		<u>1,458,246</u>
Capital and reserves					
Called up share capital	12		599,508		599,508
Other reserves	13		2,701		2,701
Profit and loss account	13		862,875		856,037
Shareholders' funds	14		<u>1,465,084</u>		<u>1,458,246</u>

Approved by the Board and authorised for issue on 2 April 2015

Mr M Harvey
Director

Company Registration No. 01854872

HARPER GROUP PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	£	2014 £	£	2013 £
Net cash (outflow)/inflow from operating activities		136,781		90,104
Returns on investments and servicing of finance				
Interest received	17		-	
Interest paid	(495)		(401)	
Net cash outflow for returns on investments and servicing of finance		(478)		(401)
Taxation		(17)		(2,378)
Net cash (outflow)/inflow before management of liquid resources and financing		136,286		87,325
Financing				
Repayment of other long term loans	(120,000)		(15,000)	
Repayment of other short term loans	-		(22,500)	
Net cash outflow from financing		(120,000)		(37,500)
Increase/(decrease) in cash in the year		16,286		49,825

HARPER GROUP PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

1 Reconciliation of operating profit to net cash outflow from operating activities		2014	2013
		£	£
Operating profit		7,316	2,958
Depreciation of tangible assets		530	707
Decrease in debtors		22,255	194,264
(Decrease)/Increase in creditors within one year		(71,486)	30,854
Increase/(decrease) in creditors more than one year		178,166	(138,679)
Net cash inflow from operating activities		136,781	90,104

2 Analysis of net debt	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
	£	£	£	£
Net cash:				
Cash at bank and in hand	58,888	16,286	-	75,174
Bank deposits	-	-	-	-
Debt:				
Debts falling due within one year	(120,000)	-	-	(120,000)
Debts falling due after one year	(2,114,852)	(58,166)	-	(2,173,018)
	(2,234,852)	(58,166)	-	(2,293,018)
Net debt	(2,175,964)	(41,880)	-	(2,217,844)

3 Reconciliation of net cash flow to movement in net debt	2014	2013
	£	£
Increase in cash in the year	16,286	49,825
Cash (inflow)/outflow from (increase)/decrease in debt	(58,166)	176,179
Movement in net debt in the year	(41,880)	226,004
Opening net debt	(2,175,964)	(2,401,968)
Closing net debt	(2,217,844)	(2,175,964)

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 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:

Fixtures, fittings & equipment	25% reducing balance
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1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

1.6 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. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Harper Group Management Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Operating profit

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	530	707
Fees payable to the company's auditor for the audit of the company's annual accounts	1,500	1,500
	<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 plc's accounts, since the consolidated accounts of Harper Group plc's parent, Harper Group Management Limited, are required to disclose non-audit fees on a consolidated basis.

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

3	Investment income	2014	2013
		£	£
	Other interest	17	-
		<u> </u>	<u> </u>
4	Interest payable	2014	2013
		£	£
	On bank loans and overdrafts	495	401
		<u> </u>	<u> </u>
5	Taxation	2014	2013
		£	£
	Domestic current year tax		
	Adjustment for prior years	-	(2,378)
		<u> </u>	<u> </u>
	Total current tax	-	(2,378)
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	6,838	2,557
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 20.00%)	1,368	511
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	-	10
	Depreciation in excess of capital allowances	106	141
	Tax losses utilised	-	(2,378)
	Directors'/participants' remuneration adjustment	-	(14,326)
	Other tax adjustments	(1,474)	13,664
		<u> </u>	<u> </u>
		(1,368)	(2,889)
		<u> </u>	<u> </u>
	Current tax charge for the year	-	(2,378)
		<u> </u>	<u> </u>

The company has estimated losses of £ 43,158 (2013 - £ 50,526) available for carry forward against future trading profits.

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2014 & at 31 December 2014	127,704
Depreciation	
At 1 January 2014	125,584
Charge for the year	530
At 31 December 2014	126,114
Net book value	
At 31 December 2014	1,590
At 31 December 2013	2,120

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2014 & at 31 December 2014	1,932,154
Net book value	
At 31 December 2014	1,932,154
At 31 December 2013	1,932,154

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
J Harper & Sons (Leominster) Limited	England & Wales	Ordinary	100.00
Harper Group Construction Limited	England & Wales	Ordinary	100.00

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

7 Fixed asset investments

(Continued)

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

		Capital and reserves 2014 £	Profit/(loss) for the year 2014 £
	Principal activity		
J Harper & Sons (Leominster) Limited	Civil engineering and construction	2,879,522	42,944
Harper Group Construction Limited	Civil engineering, construction & property development	(3,030,497)	190,164

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

8 Debtors

	2014 £	2013 £
Amounts owed by subsidiary undertakings	1,865,353	1,885,365
Corporation tax	2,395	2,378
Other debtors	-	191
Prepayments and accrued income	-	2,052
	<u>1,867,748</u>	<u>1,889,986</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014 £	2013 £
Amounts owed by group undertakings	<u>1,865,353</u>	<u>1,885,365</u>

The directors have agreed not to demand repayment of the amount of £1,865,353 due from a subsidiary undertaking within 12 months of the balance sheet date.

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

9	Creditors: amounts falling due within one year	2014	2013
		£	£
	Trade creditors	1,315	3,227
	Taxes and social security costs	103,616	173,859
	Other creditors	127,038	126,369
	Accruals and deferred income	6,595	6,595
		<u>238,564</u>	<u>310,050</u>
		<u><u>238,564</u></u>	<u><u>310,050</u></u>
	Debt due in one year or less	<u>120,000</u>	<u>120,000</u>
		<u><u>120,000</u></u>	<u><u>120,000</u></u>
10	Creditors: amounts falling due after more than one year	2014	2013
		£	£
	Other loans	135,000	255,000
	Amounts owed to group undertakings	2,038,018	1,859,852
		<u>2,173,018</u>	<u>2,114,852</u>
		<u><u>2,173,018</u></u>	<u><u>2,114,852</u></u>
	Analysis of loans		
	Wholly repayable within five years	255,000	375,000
		<u>255,000</u>	<u>375,000</u>
	Included in current liabilities	(120,000)	(120,000)
		<u>135,000</u>	<u>255,000</u>
		<u><u>135,000</u></u>	<u><u>255,000</u></u>
	Loan maturity analysis		
	In more than one year but not more than two years	120,000	120,000
	In more than two years but not more than five years	15,000	135,000
		<u>135,000</u>	<u>255,000</u>
		<u><u>135,000</u></u>	<u><u>255,000</u></u>

The loan is secured by a fixed and floating charge over the assets of the company.

11 Retirement Benefits

	2014	2013
	£	£
Contributions payable by the company for the year	<u>18,000</u>	<u>18,000</u>
	<u><u>18,000</u></u>	<u><u>18,000</u></u>

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

12 Share capital	2014 £	2013 £
Allotted, called up and fully paid		
678 Ordinary shares of £1 each	678	678
598,830 Deferred shares of £1 each	598,830	598,830
	<u>599,508</u>	<u>599,508</u>

The Deferred £1 shares are entitled to an aggregate cash dividend of £1 in a period only after a dividend of not less than £10,000,000 has been distributed to holders of the £1 ordinary shares.

On a return of assets on liquidation, these non-equity shareholders would be entitled to receive the sum of 1p per share subject to the holders of the ordinary shares first having received the sum of £1,000 per share.

The non-equity shareholders have no rights to receive notice of or attend or vote at General Meetings of the Company.

13 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2014	2,701	856,037
Profit for the year	-	6,838
	<u>2,701</u>	<u>862,875</u>
Balance at 31 December 2014	<u>2,701</u>	<u>862,875</u>
Other reserves		
Capital redemption reserve		
Balance at 1 January 2014 & at 31 December 2014	<u>2,701</u>	

14 Reconciliation of movements in Shareholders' funds

	2014 £	2013 £
Profit for the financial year	6,838	4,935
Opening Shareholders' funds	1,458,246	1,453,311
	<u>1,465,084</u>	<u>1,458,246</u>
Closing Shareholders' funds	<u>1,465,084</u>	<u>1,458,246</u>

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

15 Contingent liabilities

The company is party to unlimited guarantees and cross guarantees with other group companies to secure overdraft facilities of the group. The amount owing by other group companies at 31 December 2014 was £nil (2013 £nil).

16 Directors' remuneration	2014 £	2013 £
Remuneration for qualifying services	24,739	9,362
Company pension contributions to defined contribution schemes	18,000	18,000
	<u>42,739</u>	<u>27,362</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013 - 1).

17 Employees

Number of employees

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

	2014 Number	2013 Number
Administration	<u>1</u>	<u>1</u>
Employment costs	2014 £	2013 £
Wages and salaries	24,739	9,362
Social security costs	1,923	10,103
Other pension costs	18,000	18,000
	<u>44,662</u>	<u>37,465</u>

18 Control

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.

HARPER GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19 Related party relationships and transactions

S Underhill has a beneficial interest in Harper Group Management Limited. In 2009, the company received a loan of £750,000 from S Underhill. At 31 December 2014, an amount of £255,000 was due to S Underhill (2013 £375,000). £120,000 (2013 £120,000) is included in creditors due within one year and £135,000 (2013 £255,000) is included in creditors due after more than one year. No interest is payable on the loan.

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 the parent of the wholly owned subsidiary undertakings of the group to which it is party to the transactions.