

**COMPANY REGISTRATION NUMBER: NI629986**

**HENRY BROTHERS LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2020**



# Henry Brothers Limited

## Financial statements

Year ended 31 March 2020

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# Henry Brothers Limited

## Officers and professional advisers

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### The board of directors

Mr D Henry  
Mr I Henry  
Mr N Henry  
Mrs J McKeown  
Mr A Reid  
Mr A Mitchell  
Mr J Gordon  
Mr P McLean  
Mr I McCully  
Mr D Wallace  
Mr H Henry  
Mr R Hassan

### Company secretary

Mr A Reid

### Registered office

108-114 Moneymore Road  
Magherafelt  
Co. Londonderry  
BT45 6HJ

### Auditor

BDO Northern Ireland  
Chartered accountants & statutory auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

### Bankers

Ulster Bank Limited  
20 Broad Street  
Magherafelt  
Northern Ireland  
BT45 6EA

### Solicitors

Doris & McMahon  
63 James Street  
Cookstown  
Co. Londonderry  
BT80 8AE

# Henry Brothers Limited

## Strategic report

Year ended 31 March 2020

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### Introduction

The directors are pleased to present their strategic report for the year to 31 March 2020.

### Principal Activity

The principal activity of the Group during the year was building and construction work. The principal activity of the company was being a holding company and trading in building and construction work.

### Business Review

The Group has experienced a reduction in turnover during the year due in part to a more subdued GB/NI construction sector, the onset of the Covid-19 pandemic and the continuation of the longstanding strategic decision not to pursue cut price bids, despite the actions of many of the Group's competitors who have bid at unsustainable levels resulting in negative margins.

The directors continue to follow the successful strategy of building repeat business and partnering opportunities with key clients.

Key performance indicators used by the directors include turnover which has decreased from £85.3m to £69.8m during the year and net profit for the year before taxation which has decreased from £3.0m to £2.6m.

The strong liquidity position is demonstrated by cash at bank of £30.3m, whilst maintaining a responsible approach to prompt supplier payment. The Group has no bank loans, overdrafts or hire purchase liabilities. Shareholders' funds of £13m and a Current Ratio of 1.5 maintained over the past two years also highlights the balance sheet strength of the Group.

	2020 £000	2019 £000
Turnover	69,819	85,363
Profit before tax	2,640	3,014
Cash at bank	30,303	29,795
Shareholders' funds	13,436	12,710
Current ratio	1.5	1.5

The directors consider the results for the year as satisfactory.

Whilst the Construction market has remained challenging across the UK, we continue to invest in all areas of the business and despite new business challenges through Covid-19, the directors are confident that the ongoing investment will deliver continued successes for the Group.

### Section 172

This report sets out how the directors comply with the requirements of Section 172 (1) and how these requirements have impacted the Board's decision making throughout the financial year. The Board's primary responsibility is to promote the long-term success of the Group by creating and delivering sustainable shareholder value as well as contributing to wider society. The Group is focused on engaging with its stakeholders to make informed decisions at Board level.

# Henry Brothers Limited

## Strategic report *(continued)*

Year ended 31 March 2020

### Section 172 *(continued)*

The Board ensures that the directors have acted both individually and collectively in the way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole with regard to all its stakeholders and to the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006. The key points are highlighted in the table below.

Section 172	Decisions/Interactions
<p>a The likely consequence of any decision in the long-term;</p>	<p>The Board is focused on the continuing sustainability of the Group and has implemented a strategy which considers the various risks facing the business and concentrates on the long-term prospects for the Group.</p> <p>The directors constantly reassess all internal and external aspects including devoting due consideration to political, economic, social, technological, legal and environmental factors.</p>
<p>b The interest of the Group's employees;</p>	<p>The Board recognises that a skilled and experienced workforce is an integral part of the Group's continued success.</p> <p>The health, safety and wellbeing of the Group's employees (and other stakeholders) remains its utmost priority and we continue to demand the highest standards of health and safety on all our projects.</p> <p>We offer a range of training and development programmes for employees at all levels and this has been independently recognised through the success in the 2019 CEF Training Award. We are pleased to note the increasing number of staff that achieved MCIOB status during the year.</p> <p>There is an ongoing focus on employee wellbeing delivered through supporting mental health initiatives and encouraging a healthier lifestyle.</p>
<p>c The need to foster the company's business relationships with suppliers, customers and others;</p>	<p>The Board regularly reviews how the Group maintains positive relationships with all of its stakeholders including suppliers, customers and others.</p> <p>Our continued successes have been founded on high quality construction, innovation, integrity and dependability. These values have been the bedrock of our relationships with our long standing construction partners and are largely responsible for providing repeat business.</p> <p>We place huge importance in partnering with our key clients and continue to build upon our long term association with existing customers whilst also developing links with new ones.</p> <p>The Group has an extensive and valued supply chain and it is important that they also support our values. Suppliers are all treated in a fair and consistent manner which includes prompt payment.</p>

# Henry Brothers Limited

## Strategic report *(continued)*

Year ended 31 March 2020

### Section 172 *(continued)*

Section 172	Decisions/Interactions
<p>d The impact of the Group's operations on the community and the environment;</p>	<p>The Group has adopted a five strand corporate responsibility strategy which focuses on sustainability, environment, nature, society and employees. We have identified corporate responsibility activities for each strand and measure performance across the entire organisation.</p> <p>We are part of the Business &amp; Biodiversity Charter and have achieved CORE accreditation which recognises leading companies in corporate responsibility.</p>
<p>e The desirability of the company maintaining a reputation for high standards of business conduct;</p>	<p>The directors continue to take the responsibility of ensuring the Group remains a good corporate citizen very seriously and consider that maintaining its strong reputation for the highest standard of business conduct is a key priority.</p> <p>To assist with upholding the Group's reputation every candidate interviewed for employment within the Group will be assessed against our 4 key values which include integrity and dependability.</p> <p>Our mission is to deliver the best construction solution we possibly can for every client, every time, without fail and we are pleased to continue to deliver high quality projects on time and within budget.</p>
<p>f The need to act fairly as between members of the company;</p>	<p>The Group is a family owned business, now in its fifth decade with a reputation as a leading construction business. As such, we were particularly pleased to win the overall UK National Chamber Awards Family Business of the Year in 2019.</p> <p>The Board comprises of a mix of shareholders and non-shareholders, with oversight of different areas of the business and with one common goal – to ensure the long-term success of the Group.</p>

### Principal Risks and Uncertainties

The directors are mindful of the many risks that could adversely impact the Group and seek to appropriately manage risks throughout the business. The directors consider that the principle risks and uncertainties faced by the Group are in the following categories:

### Health, Safety and Wellbeing

We continue to focus on Health and Safety and the wellbeing of our employees ensuring Health and Safety is at the core of everything we do. Failure to manage risks in this area could cause serious harm to employees, subcontractors or other stakeholders. The directors remain fully committed to managing and mitigating risk to ensure a safe working environment and this is reflected throughout the culture of the Group. We maintain an increasing emphasis on wellbeing and have continued to promote the wider health of our employees. This has included supporting mental health initiatives and encouraging a healthier lifestyle.

# Henry Brothers Limited

## Strategic report *(continued)*

### Year ended 31 March 2020

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#### **Covid-19**

The Covid-19 pandemic has had a significant impact towards the end of the year with UK wide lockdown measures implemented and the suspension of the majority of our construction operations during March 2020.

The primary focus for the directors has been regarding the health, safety and wellbeing of our staff and those of our clients and wider supply chain. Thereafter, the directors have endeavoured to manage operational disruption, address stakeholder requirements, assess financial implications, mitigate risks and take prompt action to ensure the ongoing stability of the business during these uncertain times.

The directors quickly formed a Covid-19 governance group that would meet between regular Board meetings ensuring that all Covid-19 related matters were addressed promptly in response to the rapidly changing circumstances.

The health, safety and wellbeing of our staff and of other stakeholders remains the number one priority and there are many procedural changes throughout the Group to reflect this.

Looking ahead, there are of course many uncertainties for the economy, and not least for the construction industry. There are likely to be risks from the virus for a long time to come, however, the directors believe that the correct steps have been taken and the Group is well positioned to remain profitable over the next 12 months.

#### **People**

The directors recognise that future performance could be impacted through a lack of skilled resources and note that the continued success of the business has been achieved by the people working in it. There are many long serving members of staff and the relatively low turnover of personnel reflects the general policy of providing good terms and conditions of employment while dealing with staff as well as other stakeholders in the business, in a fair and consistent manner. Their continued loyalty and hard work is much appreciated. The directors seek to continue our focus on recruitment, training and retention of a highly skilled and professional workforce.

#### **Environmental and Sustainability**

We are cognisant that we live in a world of finite resources and where we operate there is a risk of doing damage to the environment. We are focused on sustainability and seek to exceed all environmental responsibilities. We continue to develop renewable initiatives utilising energy saving procedures during the construction phases and beyond. Our approach to the environment ensures that our construction operations have a minimal impact and where possible enhances the long-term environmental conditions for all stakeholders. Further information is detailed in the Streamlined Energy and Carbon Reporting section below.

#### **Sector and Competition**

There is a downturn within the UK economy, the global economy and most specifically, the UK construction sector. There is also a risk of competitors tendering for work at unsustainable margins. The directors remain steadfast in our approach of selective tendering for profitable work and partnering based on long term, rather than short term results.

As a family owned business, we have as strong a track record in delivering high profile and quality projects as many of our larger competitors. However, we are able to provide better value as we have much lower cost base than our plc competitors.

# Henry Brothers Limited

## Strategic report *(continued)*

### Year ended 31 March 2020

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We pride ourselves in the delivery of the highest quality construction solutions for every client, every time, without fail. Our quality management systems, procedures and ethos are at the heart of all that we do, ensuring consistently high-quality deliverables of design, construction, workmanship, materials and finishes and to all our projects.

#### **Project Delivery**

There are risks of delays, unforeseen costs and reputational damage for some of the complex projects undertaken by the Group. The Group continues to have a strong track record on delivery of high quality projects on time and whilst we have the balance sheet strength of a larger company, we retain a culture where our directors are actively involved with all our projects.

We are appreciative of an extensive and valued supply chain. We treat all stakeholders in a fair and consistent manner, including prompt payment for our supply chain. The directors endeavour to mitigate dependency to acceptable levels on individual subcontractors and seek to engage with businesses who align with our values of Integrity, Dependability, High-quality Construction and Innovation.

We will only commit to a project when we are confident in our abilities and those of our supply chain (including design team and subcontractors) to deliver a high-quality solution.

#### **Financial**

The Group operations expose financial risks including credit risk, liquidity risk and currency risk. The Group has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage these risks.

The Group monitors credit risk with debtors closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk. The Group has no significant concentrations of credit risk. Amounts shown in the balance sheet are after accounting for bad and doubtful debts.

The Group has significant cash resources and as such liquidity risk is managed sufficiently.

The Group is not significantly exposed to currency risk and thus considers this risk as a secondary issue.

Due to the large cash reserves and absence of any borrowings, interest rate risk is not considered as an issue at present.

#### **Brexit**

The impact of Brexit is, as yet, unclear and in particular how the negotiations will affect the economic conditions of the UK construction industry. Furthermore, there is the potential for disruption to the supplies of key products and services required for the business. Whilst there remains uncertainty over the practicalities of the UK leaving the EU, as the UK is currently negotiating new trading relationships with EU countries, fundamentally the Group is a UK focused business with limited trade outside of the UK.

Should there be any negative impact from Brexit to prospects for the UK economy, the Group has proved in the past to be resilient during recessionary times. As the likely outcome of Brexit negotiations becomes clearer, the directors will carry out a risk assessment and put strategic plans in place to minimise the impact of Brexit on the Group's operations.



# Henry Brothers Limited

## Strategic report *(continued)*

**Year ended 31 March 2020**

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### Reputation

Reputational damage could arise from mistakes or misconduct, or allegations thereof, from employees, supply chain, or poor customer service. A decline in the favourable recognition of the Group's brands could have a material adverse effect on its business, financial condition and results of operations.

The Group manages this risk by continuing to focus on ensuring that clients receive excellent service, and various programmes of work are in place to achieve this, including director involvement in every project.

### Compliance, Technology and Cyber Security

There are risks of failings within IT, Data Protection or any legal/regulatory requirements for the business. Any such failure could impact the Group's ability to deliver and to maintain the integrity of information. GDPR, IT and cyber security risks are regularly assessed at Board level. The Group has policies and procedures in place to ensure it fulfils its compliance obligations and maintains IT security. The Modern Slavery Act 2015 signalled a new drive in the fight against slavery. It includes a duty on businesses to play their part in stopping modern slavery in global supply chains. The Group is committed to being a responsible business and complying with the requirements of the Act.

### Streamlined Energy and Carbon Reporting

Henry Brothers Limited is exempt from including Streamlined Energy and Carbon Reporting disclosures as they are included in the consolidated accounts of its parent Henry Group (NI) Limited.

The Group aims for an annual 5% reduction in the areas of energy use, waste generation, water and fuel usage. The Group is ISO 14001 accredited and have reported annual energy consumption through the Business in the Community's Environmental Benchmarking Survey for the last 20 years. The Group is listed as one of the top performing companies in Northern Ireland for Environmental Improvement and hold a Platinum level award.

### Awards

The Group continues to deliver projects to the highest standards in Construction, Health and Safety and Corporate and Social Responsibility. These standards have been independently recognised through the following recent achievements:

- 2020 ROSPA Gold Award;
- 2020 Considerate Constructor Scheme National Site Award Nominations x 4;
- 2019 HSE/CIEHF National Risk Reduction through Design Award;
- 2019 Considerate Constructor National Site Award Winner;
- 2019 S-Lab Awards Multi-Disciplinary Science Teaching & Research Buildings Category Winner;
- 2019 Business In The Community (BITC) Business & Biodiversity Charter Platinum;
- 2019 ROSPA Gold Award x 2;
- 2019 Business In The Community (BITC) ARENA Environmental Benchmarking Platinum Award;
- 2019 CEF Training Award Winner;
- 2019 CEF Environmental Sustainability Award Winner;
- 2019 CEF Health Infrastructure Award Finalist;
- 2019 CEF Transport & Utilities Infrastructure Award Finalist;
- 2019 NI Chamber of Commerce - Family Business of the Year Winner;
- 2019 National Chamber Awards- Family Business of the Year Winner;

## Henry Brothers Limited

### Strategic report *(continued)*

**Year ended 31 March 2020**

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#### **Awards** *(continued)*

- 2019 International Green Apple Award for Environmental Best Practice Gold Award Winner;
- 2019 International Green Apple Award for Environmental Best Practice Silver Award Winner;
- 2019 Business Eye Community (CSR) Award Finalist.
- 2019 Ulster University Business School Employability Excellence Award - Highly Commended

This report was approved by the board of directors on 29/06/20 and signed on behalf of the board by:



Mr A Reid  
Company Secretary

Registered office:  
108-114 Moneymore Road  
Magherafelt  
Co. Londonderry  
BT45 6HJ

# Henry Brothers Limited

## Directors' report

### Year ended 31 March 2020

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The directors present their report and the financial statements of the group for the year ended 31 March 2020.

#### Directors

The directors who served the company during the year were as follows:

Mr D Henry  
Mr I Henry  
Mr N Henry  
Mrs J McKeown  
Mr A Reid  
Mr A Mitchell  
Mr J Gordon  
Mr P McLean  
Mr I McCully  
Mr D Wallace  
Mr H Henry  
Mr R Hassan

#### Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

#### Future developments

There are no future developments or events after the reporting date noted in respect of the entity.

#### Corporate responsibility

Corporate responsibility continues to remain an integral part of the Group's strategy. The group demonstrates Responsible Leadership across key themes of people, planet and place to all internal and external stakeholders.

#### Research and Development

The Group is focused on the research and development of innovative construction methods and techniques, including enhanced safety, project delivery, the development and integration of new materials and working techniques, energy efficiency and information modelling. The Group also remains flexible and innovative as and when unforeseen challenges arise on projects.

#### Disclosure of information in the strategic report

The strategic report is included on pages 2 to 8.

#### Directors' responsibilities statement

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 group and the company and the profit or loss of the group for that period.

# Henry Brothers Limited

## Directors' report *(continued)*

### Year ended 31 March 2020

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In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

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

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

#### Auditor

The auditors, BDO Northern Ireland, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 29/06/20 and signed on behalf of the board by:



Mr A Reid  
Company Secretary

Registered office:  
108-114 Moneymore Road  
Magherafelt  
Co. Londonderry  
BT45 6HJ

## Henry Brothers Limited

### Independent auditor's report to the members of Henry Brothers Limited

#### Year ended 31 March 2020

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##### Opinion

We have audited the financial statements of Henry Brothers Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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 group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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.

## Henry Brothers Limited

### Independent auditor's report to the members of Henry Brothers Limited

(continued)

Year ended 31 March 2020

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#### 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 the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## Henry Brothers Limited

### Independent auditor's report to the members of Henry Brothers Limited

(continued)

Year ended 31 March 2020

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#### 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 group's and the parent 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 group or the parent 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

#### Use of our 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.



Nigel V W Harra, senior statutory auditor  
For and on behalf of BDO Northern Ireland, statutory auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

29 June 2020

# Henry Brothers Limited

## Consolidated statement of comprehensive income

Year ended 31 March 2020

	Note	2020 £000	2019 £000
<b>Turnover</b>	<b>4</b>	<b>69,819</b>	85,363
Cost of sales		<b>63,485</b>	79,057
<b>Gross profit</b>		<b>6,334</b>	6,306
Administrative expenses		<b>3,916</b>	3,429
Other operating income	<b>5</b>	<b>5</b>	8
<b>Operating profit</b>	<b>6</b>	<b>2,423</b>	2,885
Other interest receivable and similar income	<b>10</b>	<b>220</b>	129
Interest payable and similar expenses	<b>11</b>	<b>3</b>	—
<b>Profit before taxation</b>		<b>2,640</b>	3,014
Tax on profit	<b>12</b>	<b>414</b>	582
<b>Profit for the financial year</b>		<b>2,226</b>	2,432
Pre merger dividend income		—	1,000
<b>Total comprehensive income for the year</b>		<b>2,226</b>	3,432

All the activities of the group are from continuing operations.



# Henry Brothers Limited

## Consolidated statement of financial position

31 March 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	14	1,288	1,100
<b>Current assets</b>			
Stocks	15	18	23
Debtors	16	6,730	7,125
Cash at bank and in hand		30,303	29,795
		<u>37,051</u>	<u>36,943</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>24,747</u>	<u>25,222</u>
<b>Net current assets</b>		<u>12,304</u>	<u>11,721</u>
<b>Total assets less current liabilities</b>		<u>13,592</u>	<u>12,821</u>
<b>Provisions</b>	18	<u>156</u>	<u>111</u>
<b>Net assets</b>		<u>13,436</u>	<u>12,710</u>
<b>Capital and reserves</b>			
Share premium account	22	50	50
Profit and loss account	22	13,386	12,660
<b>Shareholders funds</b>		<u>13,436</u>	<u>12,710</u>

These financial statements were approved by the board of directors and authorised for issue on 29/06/20 and are signed on behalf of the board by:



Mr D Henry  
Director

Company registration number: NI629986

# Henry Brothers Limited

## Company statement of financial position

31 March 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	14	1,288	1,100
<b>Current assets</b>			
Stocks	15	18	23
Debtors	16	3,104	6,039
Cash at bank and in hand		19,567	19,634
		<u>22,689</u>	<u>25,696</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>12,931</u>	<u>15,428</u>
<b>Net current assets</b>		<u>9,758</u>	<u>10,268</u>
<b>Total assets less current liabilities</b>		<u>11,046</u>	<u>11,368</u>
<b>Provisions</b>	18	<u>156</u>	<u>111</u>
<b>Net assets</b>		<u>10,890</u>	<u>11,257</u>
<b>Capital and reserves</b>			
Share premium account	22	50	50
Profit and loss account	22	10,840	11,207
<b>Shareholders funds</b>		<u>10,890</u>	<u>11,257</u>

The profit for the financial year of the parent company was £1,133,000 (2019: £2,617,000). In 2019 the parent company profit figure included £1,000,000 of pre merger dividend income.

These financial statements were approved by the board of directors and authorised for issue on 29/06/20 and are signed on behalf of the board by:



Mr D Henry  
Director

Company registration number: NI629986

# Henry Brothers Limited

## Consolidated statement of changes in equity

Year ended 31 March 2020

	Share premium account £000	Profit and loss account £000	Total £000
<b>At 1 April 2018</b>	50	9,228	9,278
Profit for the year		2,432	2,432
Other comprehensive income for the year:			
Pre merger dividend income	—	1,000	1,000
<b>Total comprehensive income for the year</b>	—	3,432	3,432
<b>At 31 March 2019</b>	50	12,660	12,710
Profit for the year		2,226	2,226
<b>Total comprehensive income for the year</b>	—	2,226	2,226
Dividends paid and payable	13	(1,500)	(1,500)
<b>Total investments by and distributions to owners</b>	—	(1,500)	(1,500)
<b>At 31 March 2020</b>	50	13,386	13,436

# Henry Brothers Limited

## Company statement of changes in equity

Year ended 31 March 2020

		Share premium account £000	Profit and loss account £000	<b>Total £000</b>
<b>At 1 April 2018</b>		50	8,590	8,640
Profit for the year		—	2,617	2,617
<b>Total comprehensive income for the year</b>		—	2,617	2,617
<b>At 31 March 2019</b>		50	11,207	<b>11,257</b>
Profit for the year		—	1,133	<b>1,133</b>
<b>Total comprehensive income for the year</b>		—	1,133	<b>1,133</b>
Dividends paid and payable	13	—	(1,500)	<b>(1,500)</b>
<b>Total investments by and distributions to owners</b>		—	(1,500)	<b>(1,500)</b>
<b>At 31 March 2020</b>		<u>50</u>	<u>10,840</u>	<u><b>10,890</b></u>

# Henry Brothers Limited

## Consolidated statement of cash flows

Year ended 31 March 2020

	2020 £000	2019 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,226	2,432
<i>Adjustments for:</i>		
Depreciation of tangible assets	364	254
Other interest receivable and similar income	(220)	(129)
Interest payable and similar expenses	3	—
Gains on disposal of tangible assets	(3)	(1)
Tax on profit	414	582
Accrued expenses	1,545	2,775
<i>Changes in:</i>		
Stocks	5	6
Trade and other debtors	395	1,363
Trade and other creditors	(1,554)	463
Cash generated from operations	3,175	7,745
Interest paid	(3)	—
Interest received	220	129
Tax paid	(835)	(11)
Net cash from operating activities	2,557	7,863
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(563)	(505)
Proceeds from sale of tangible assets	14	—
Dividends received	—	1,000
Net cash (used in)/from investing activities	(549)	495
<b>Cash flows from financing activities</b>		
Dividends paid	(1,500)	—
Net cash used in financing activities	(1,500)	—
<b>Net increase in cash and cash equivalents</b>	508	8,358
<b>Cash and cash equivalents at beginning of year</b>	29,795	21,437
<b>Cash and cash equivalents at end of year</b>	30,303	29,795

# Henry Brothers Limited

## Notes to the financial statements

Year ended 31 March 2020

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### 1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is 108-114 Moneymore Road, Magherafelt, Co. Londonderry, BT45 6HJ.

The principal activity of the group during the year was building and construction work. The principal activity of the company is a holding company and trades in building and construction work.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

The group and the company have applied FRS 102 (March 2018) in these financial statements, which includes the amendments as a result of the Triennial Review 2017.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### Going concern

In consideration of the preparation of the Financial Statements on a going concern basis it is noted that the declaration of the Covid-19 pandemic occurred just prior to the group's year-end. This triggered a lockdown within the UK meaning businesses could not continue as normal and resulted in a temporary shutdown of most sites just prior to year end. The majority of sites have subsequently reopened post year end on a phased basis with new Covid-19 procedures implemented. The directors have been very responsive to the rapidly changing circumstances taking appropriate action where needed and continuing to keep developments under review. The future economic environment is uncertain but is expected to be highly challenging. However, in light of the ongoing financial stability of the group with no external borrowings and taking all other factors into account the going concern basis has been considered as appropriate.

#### Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement or net debt reconciliation has been presented for the company.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

# Henry Brothers Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2020

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### 3. Accounting policies *(continued)*

#### Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings.

The results of a subsidiary which has been disposed of as part of a group reorganisation are recognised using the merger accounting method. The results and cash flows of the departing subsidiary are removed from the financial statements in both the current and prior period.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Significant judgements*

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- **Recoverability of debtors**  
Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

##### *Key sources of estimation uncertainty*

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- **Amounts recoverable on contracts, contract revenue and contract costs**  
Contract revenue and costs are recognised when the outcome of a construction contract can be reliably estimated. The percentage of completion method is used to value revenue and costs at year end, these are included in the profit or loss account. At year end, the company reviews the recoverability of amounts already recognised as contract revenue. If the debtor is not considered to be recoverable, the unrecoverable amount will be expensed in the year. When, on review of job costing schedules, it is deemed probable that total contract costs will exceed total contract revenue the expected loss is recognised as an expense immediately, which is a corresponding provision for an onerous contract.

# Henry Brothers Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2020

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### 3. Accounting policies *(continued)*

#### Judgements and key sources of estimation uncertainty *(continued)*

##### *Key sources of estimation uncertainty (continued)*

- Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Whether a present obligation is probable or not requires judgement. The nature and types of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

#### Revenue recognition

The majority of turnover is on long-term contracts. These contracts are assessed on a contract by contract basis and are reflected in the Statement of income and retained earnings by recording turnover and related costs by reference to the stage of completion at the reporting date. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the Statement of income and retained earnings as the difference between the reported turnover and related costs for that contract. Provision is made for all known or expected losses.

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 10%-25% straight line
Fixtures and fittings	- 10%-25% straight line
Motor vehicles	- 20%-25% straight line



# Henry Brothers Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2020

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### 3. Accounting policies *(continued)*

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly.

#### **Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

#### **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.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

#### **Cash and cash equivalents**

Cash consists of cash on hand and demand deposits. There are no cash equivalents included in the financial statements.

#### **Other financial assets**

Other financial assets comprise of trade debtors, amounts due from group undertakings and other debtors. Other financial assets are initially measured at the undiscounted amount of cash receivable and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

#### **Other financial liabilities**

Other financial liabilities include trade creditors, amounts owed to group undertakings and other creditors. Other financial liabilities are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### **Dividends**

Equity dividends are recognised when they become legally payable or receivable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

# Henry Brothers Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2020

### 4. Turnover

Turnover arises from:

	2020	2019
	£000	£000
Construction contracts	<u>69,819</u>	<u>85,363</u>

The directors have not disclosed information relating to the geographical split of the turnover on the grounds that this would be seriously prejudicial to the interests of the company.

### 5. Other operating income

	2020	2019
	£000	£000
Other operating income	<u>5</u>	<u>8</u>

### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£000	£000
Depreciation of tangible assets	364	254
Gains on disposal of tangible assets	<u>(3)</u>	<u>(1)</u>

### 7. Auditor's remuneration

	2020	2019
	£000	£000
Fees payable for the audit of the financial statements	<u>30</u>	<u>30</u>

### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Production staff	131	130
Administrative staff	<u>46</u>	<u>50</u>
	<u>177</u>	<u>180</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£000	£000
Wages and salaries	6,564	5,870
Social security costs	699	593
Other pension costs	<u>210</u>	<u>154</u>
	<u>7,473</u>	<u>6,617</u>

# Henry Brothers Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2020

### 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£000	£000
Remuneration	820	674
Company contributions to defined contribution pension plans	49	25
	<u>869</u>	<u>699</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£000	£000
Aggregate remuneration	131	98
Company contributions to defined contribution pension plans	13	4
	<u>144</u>	<u>102</u>

### 10. Other interest receivable and similar income

	2020	2019
	£000	£000
Interest on cash and cash equivalents	<u>220</u>	<u>129</u>

### 11. Interest payable and similar expenses

	2020	2019
	£000	£000
Other interest payable and similar charges	<u>3</u>	<u>—</u>

### 12. Tax on profit

#### Major components of tax expense

	2020	2019
	£000	£000
<b>Current tax:</b>		
UK current tax expense	409	555
Adjustments in respect of prior periods	(40)	—
Total current tax	<u>369</u>	<u>555</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	45	27
<b>Tax on profit</b>	<u>414</u>	<u>582</u>

# Henry Brothers Limited

## Notes to the financial statements *(continued)*

### Year ended 31 March 2020

#### 12. Tax on profit *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £000	2019 £000
Profit on ordinary activities before taxation	<u>2,640</u>	<u>3,014</u>
Profit on ordinary activities by rate of tax	502	573
Adjustment to tax charge in respect of prior periods	(40)	–
Effect of expenses not deductible for tax purposes	15	12
Deduction for R&D expenditure	(76)	–
Impact of change in tax rate	13	(3)
Tax on profit	<u>414</u>	<u>582</u>

#### 13. Dividends

	2020 £000	2019 £000
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>1,500</u>	<u>–</u>

#### 14. Tangible assets

Group and company	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 April 2019	526	146	821	<b>1,493</b>
Additions	222	22	319	<b>563</b>
Disposals	–	–	(15)	<b>(15)</b>
<b>At 31 March 2020</b>	<u>748</u>	<u>168</u>	<u>1,125</u>	<u><b>2,041</b></u>
<b>Depreciation</b>				
At 1 April 2019	185	41	167	<b>393</b>
Charge for the year	133	32	199	<b>364</b>
Disposals	–	–	(4)	<b>(4)</b>
<b>At 31 March 2020</b>	<u>318</u>	<u>73</u>	<u>362</u>	<u><b>753</b></u>
<b>Carrying amount</b>				
<b>At 31 March 2020</b>	<u>430</u>	<u>95</u>	<u>763</u>	<u><b>1,288</b></u>
At 31 March 2019	<u>341</u>	<u>105</u>	<u>654</u>	<u><b>1,100</b></u>

# Henry Brothers Limited

## Notes to the financial statements (continued)

Year ended 31 March 2020

### 15. Stocks

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Raw materials and consumables	<u>18</u>	<u>23</u>	<u>18</u>	<u>23</u>

### 16. Debtors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	3,178	5,002	1,173	4,164
Amounts owed by group undertakings	377	329	639	329
Prepayments and accrued income	54	76	54	76
Amounts recoverable on contract	2,550	1,319	682	1,086
Amounts owed by related undertakings	175	2	175	2
Other debtors	<u>396</u>	<u>397</u>	<u>381</u>	<u>382</u>
	<u>6,730</u>	<u>7,125</u>	<u>3,104</u>	<u>6,039</u>

All debtors are repayable within one year of the balance sheet date.

### 17. Creditors: Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade creditors	719	1,764	471	1,262
Accruals and deferred income	23,355	21,810	12,055	13,113
Corporation tax	89	555	39	363
Social security and other taxes	298	600	158	370
Amounts owed to group undertakings	153	286	131	243
Other creditors	<u>133</u>	<u>207</u>	<u>77</u>	<u>77</u>
	<u>24,747</u>	<u>25,222</u>	<u>12,931</u>	<u>15,428</u>

### 18. Provisions

Group and company	Deferred tax (note 19) £000
At 1 April 2019	111
Charge against provision	<u>45</u>
At 31 March 2020	<u>156</u>

# Henry Brothers Limited

## Notes to the financial statements (continued)

Year ended 31 March 2020

### 19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Included in provisions (note 18)	<u>156</u>	<u>111</u>	<u>156</u>	<u>111</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	160	114	–	84
Short term timing differences	(4)	(3)	–	–
	<u>156</u>	<u>111</u>	<u>–</u>	<u>84</u>

### 20. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £209,130 (2019: £145,575).

### 21. Called up share capital

#### Issued, called up and fully paid

	<b>2020</b>		<b>2019</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 22. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 23. Analysis of changes in net debt

	<b>At</b>		<b>At</b>
	<b>1 Apr 2019</b>	<b>Cash flows</b>	<b>31 Mar 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<u>29,795</u>	<u>508</u>	<u>30,303</u>

# Henry Brothers Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2020

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### 24. Related party transactions

#### Group

The company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 not to disclose any transactions with its parent or fellow 100% owned subsidiary undertakings on the grounds that it is a 100% owned subsidiary and the consolidated accounts of Henry Group (NI) Limited, in which the company is included, are publicly available.

#### Company

The following transactions were undertaken with related parties during the year:

	Sales/ recharges to related parties £000	Purchases/ recharges from related parties £000	Amounts due from related parties £000	Amounts owed to related parties £000
2020	20	175	175	–
2019	132	258	2	–

The related parties involved in the aforementioned transactions are related by virtue of ultimate common shareholders and directors.

No further transactions with related parties were undertaken such as are required to be disclosed under FRS 102 Section 33.

### 25. Controlling party

The directors consider that the ultimate parent undertaking of this company is Henry Group (NI) Limited, a company incorporated in Northern Ireland with a registered office of 108-114 Moneymore Road, Magherafelt, Co Londonderry, BT45 6HJ.

The consolidated accounts of this group are available to the public at:

Companies House  
The Linenhall  
32-38 Linenhall Street  
Belfast

Henry Group (NI) Limited is under the control of its shareholders. Mr David Henry is considered to be the ultimate controlling party.