

Company Registration No. 00782078 (England and Wales)

J.HARPER & SONS(LEOMINSTER) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

WEDNESDAY



A24

A57PP2ZM

25/05/2016

COMPANIES HOUSE

#405

J.HARPER & SONS(LEOMINSTER) LIMITED

COMPANY INFORMATION

Directors	Mr P Mondon Miss V Overton Mr A Rees Mr M Harvey
Secretary	Miss V Overton
Company number	00782078
Registered office	Beeches Road Rowley Regis Warley B65 0BB
Auditors	CK Audit No.4 Castle Court 2 Castlegate Way Dudley West Midlands DY1 4RH
Business address	Southern Avenue Leominster Herefordshire HR6 0QF
Bankers	HSBC Bank Plc 31 Church Street Kidderminster Worcestershire West Midlands DY10 2AY

J.HARPER & SONS(LEOMINSTER) LIMITED

CONTENTS

	Page
Directors' report	2 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 20

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business

The Directors are pleased to report continuing profitability and increased activity in 2015 and has delivered a solid set of accounts for the year ended 31st December 2015.

The year to 31st December 2015 has continued to be busy for the company in bidding for work. We have responded well to the challenges the market has presented and our continued success is due to the hard work of our committed and professional staff.

With our order books at a level of £15m we have entered the new financial year in a good position with 70% of the targeted revenue for 2016 secured and tender enquiry levels remain positive.

We continue to deliver our projects safely, to programme, to budget and to the highest quality at fair and market competitive prices. 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 company continues to focus on seeking to eliminate workplace injuries, to protect our environment and to increase awareness of occupational health and well-being. All our employees are committed to working towards creating and maintaining a sustainable built environment and it is through their effort and commitment that we remain a strong business.

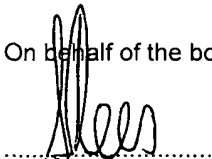
Our organisational structure will support our growth. Leadership and management skills will be emphasized. Our management development process will ensure internal promotion and succession to keep pace with our considered and managed growth,

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.

Our aim is to ensure the longevity of our company through repeat and referral business achieved by customer satisfaction in all areas including timeliness, attention to detail and service minded attitudes. We will continue to maintain the highest level of professionalism, integrity, honesty and fairness in all our relationships with our suppliers, subcontractors, professional associates and customers.

The current trading environment will continue to be challenging with ongoing public sector spending cuts affecting levels of construction however our ongoing strategy is to ensure that the operating costs are correlated to the appropriate available workload and to maximise the efficiency and profitability of the company for the future. On this basis, the Directors remain positive about continuing to operate profitably during 2016.

On behalf of the board



Mr A Rees

Director

25 April 2016

J.HARPER & SONS(LEOMINSTER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

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

Directors

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

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

Results and dividends

The results for the year are set out on page 6.

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

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 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;
- 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 auditors

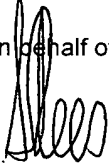
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

J.HARPER & SONS(LEOMINSTER) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

On behalf of the board



Mr A Rees

Director

25 April 2016

J.HARPER & SONS(LEOMINSTER) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J.HARPER & SONS(LEOMINSTER) LIMITED

We have audited the financial statements of J.Harper & Sons(Leominster) Limited for the year ended 31 December 2015 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity 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), including Financial Reporting Standard 102.

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.

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 2015 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 matters prescribed by the Companies Act 2006

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

J.HARPER & SONS(LEOMINSTER) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J.HARPER & SONS(LEOMINSTER) LIMITED

Matters on which we are required to report by exception

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

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

Wendy Davies

Wendy Davies (Senior Statutory Auditor)

for and on behalf of CK Audit

25 April 2016

**Chartered Accountants
Statutory Auditor**

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

J.HARPER & SONS(LEOMINSTER) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	23,769,463	16,083,890
Cost of sales		(21,876,455)	(14,567,989)
Gross profit		1,893,008	1,515,901
Administrative expenses		(1,833,912)	(1,472,485)
Other operating income		12,000	10,500
Operating profit	4	71,096	53,916
Interest receivable and similar income	8	4,328	3,739
Interest payable and similar charges	9	(73)	(987)
Profit before taxation		75,351	56,668
Taxation	10	(17,110)	(13,724)
Profit for the financial year	16	58,241	42,944
Total comprehensive income for the year		58,241	42,944

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

J.HARPER & SONS(LEOMINSTER) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	11		6,363		16,758
Current assets					
Debtors	12	5,456,225		4,863,357	
Cash at bank and in hand		3,167,916		1,572,583	
		<u>8,624,141</u>		<u>6,435,940</u>	
Creditors: amounts falling due within one year	13	<u>(5,692,741)</u>		<u>(3,573,176)</u>	
Net current assets			<u>2,931,400</u>		<u>2,862,764</u>
Total assets less current liabilities			<u><u>2,937,763</u></u>		<u><u>2,879,522</u></u>
Capital and reserves					
Called up share capital	15		2,000		2,000
Profit and loss reserves	16		<u>2,935,763</u>		<u>2,877,522</u>
Total equity			<u><u>2,937,763</u></u>		<u><u>2,879,522</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25 April 2016 and are signed on its behalf by:

Mr M Harvey
Director

Company Registration No. 00782078

J.HARPER & SONS(LEOMINSTER) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2014	2,000	2,834,578	2,836,578
Period ended 31 December 2014:			
Profit and total comprehensive income for the year	-	42,944	42,944
Balance at 31 December 2014	2,000	2,877,522	2,879,522
Period ended 31 December 2015:			
Profit and total comprehensive income for the year	-	58,241	58,241
Balance at 31 December 2015	2,000	2,935,763	2,937,763

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

J.Harper & Sons(Leominster) Limited is a company limited by shares incorporated in England and Wales. The registered office is Beeches Road, Rowley Regis, Warley, B65 0BB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of J.Harper & Sons(Leominster) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 22.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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

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 end date, the company reviews the carrying amounts of its tangible and intangible 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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.6 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.

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.

1.7 Cash and cash equivalents

Cash and cash equivalents 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.

1.8 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 statement of financial position 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 trade and other receivables 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.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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 trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.9 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.

1.10 Taxation

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

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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.

1.11 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.

1.12 Retirement benefits

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

1.13 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.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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 £1,440,537 (2014 £1,587,156). 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:

	2015 £	2014 £
Turnover		
Sale of services	23,769,463	16,083,890
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	4,328	3,739
	<u> </u>	<u> </u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	23,769,463	16,083,890

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

4 Operating profit

	2015	2014
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	10,395	10,906
Operating lease charges	282,965	256,420

5 Auditors' remuneration

	2015	2014
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	6,500	6,750
For other services		
Taxation compliance services	750	750
All other non-audit services	1,000	1,000
	1,750	1,750

6 Employees

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

	2015	2014
	Number	Number
Administration staff	30	20
Site based	44	40
	74	60

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

6 Employees (Continued)

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	2,421,731	1,759,918
Social security costs	254,900	175,426
Pension costs	151,814	74,210
	<u>2,828,445</u>	<u>2,009,554</u>

7 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	476,721	320,762
Company pension contributions to defined contribution schemes	93,945	36,028
	<u>570,666</u>	<u>356,790</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2014 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	207,775	134,427
Company pension contributions to defined contribution schemes	19,218	15,274
	<u></u>	<u></u>

8 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Interest on bank deposits	4,328	3,739
	<u></u>	<u></u>

9 Interest payable and similar charges

	2015 £	2014 £
Interest on bank overdrafts and loans	-	84
Other interest	73	903
	<u></u>	<u></u>

10 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	17,110	13,724
	<u></u>	<u></u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Taxation

(Continued)

During the year, the UK corporation tax main rate decreased from 21% to 20%. Following budget 2016 announcements, there will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017.

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	75,351	56,668
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 20.00%)	15,070	11,334
Tax effect of expenses that are not deductible in determining taxable profit	263	127
Permanent capital allowances in excess of depreciation	(164)	(171)
Depreciation on assets not qualifying for tax allowances	1,790	1,862
Tax at marginal rate	151	572
Tax expense for the year	17,110	13,724

11 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2015 and 31 December 2015	88,630	8,603	176,753	273,986
Depreciation and impairment				
At 1 January 2015	78,000	8,192	171,036	257,228
Depreciation charged in the year	8,863	103	1,429	10,395
At 31 December 2015	86,863	8,295	172,465	267,623
Carrying amount				
At 31 December 2015	1,767	308	4,288	6,363
At 31 December 2014	10,630	411	5,717	16,758

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

12 Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Trade debtors	898,285	371,096
Gross amounts due from contract customers	1,440,537	1,587,156
Amount due from parent undertaking	1,923,985	1,838,716
Amounts due from fellow group undertakings	873,413	873,413
Other debtors	215,328	114,513
Prepayments and accrued income	104,677	78,463
	<u>5,456,225</u>	<u>4,863,357</u>

13 Creditors: amounts falling due within one year

	2015	2014
	£	£
Payments received on account	58,110	78,873
Trade creditors	5,498,935	3,336,377
Corporation tax	17,110	13,724
Other taxation and social security	48,536	29,639
Other creditors	-	2,656
Accruals and deferred income	70,050	111,907
	<u>5,692,741</u>	<u>3,573,176</u>

14 Retirement benefit schemes

Defined contribution schemes

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.

The charge to profit and loss in respect of defined contribution schemes was £151,814 (2014 - £74,210).

15 Share capital

	2015	2014
	£	£
Ordinary share capital		
Authorised		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Issued and fully paid		
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

16 Profit and loss reserves

	2015 £	2014 £
At 1 January 2015	2,877,522	2,834,578
Profit for the year	58,241	42,944
At 31 December 2015	<u>2,935,763</u>	<u>2,877,522</u>

17 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 2015 the amount owing by other group companies was £nil (2014 £nil).

There were no (2014 - 2) cross guarantees in respect of subcontractor suppliers of a fellow subsidiary Harper Group Construction Limited at the year.

Performance bonds

Performance bonds require the company 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 £954,032 (2014 £240,553)

18 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties which include, property rental, equipment rental and motor vehicles rentals.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	19,391	5,492
Between two and five years	510,325	463,576
In over five years	336,000	372,000
	<u>865,716</u>	<u>841,068</u>

At the reporting end date the total future minimum sublease payments expected to be received under non-cancellable subleases was £38,000 (2014 £50,000).

19 Related party transactions

No guarantees have been given or received.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

20 Directors' transactions

A P Rees is a director of Hereford and Gloucestershire Construction Safety Association Limited (HGCSA). During the year, the company made purchases of £8,824 (2014 £6,665) from HGCSA Limited. At the balance sheet date £3,315 was due from (2014 £3,084) HGCSA Limited.

During the year, the company carried out work on the property owned by A P Rees, a director of J Harper & Sons (Leominster) Limited, to the value of £4,649 (2014 £nil). The work was carried out on normal commercial terms.

Directors interests in contracts

During the year, the directors purchased the property occupied by J Harper & Sons (Leominster) Limited through their pension scheme The J Harper & Sons Group SIPP. During the year, the company paid rent to the pension scheme amounting to £47,250. At the year end, trade creditors include £12,000 due to the pension scheme.

21 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 Beeches Road, Rowley Regis, Warley, West Midlands, B65 0BB.

22 Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 December 2015 and has restated the comparative prior year amounts.

Explanations

- 1 The inter group loans more than one year have been restated as amounts due within one year. There is no effect on profit or opening reserves.