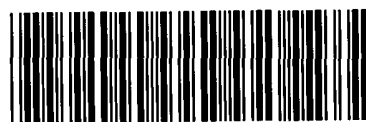


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Company Registration No. 00782078 (England and Wales)

J.HARPER & SONS(LEOMINSTER) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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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
Auditor	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
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 23

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

We aim to present a considered and balanced review of the performance of the business and its position at the year end.

Turnover has continued to increase as the Company maintains the delivery of high quality projects, on time and to Client requirements.

Profitability across the group has also continued to increase. We strategically target key Clients predominately in the Public Sector, such as Housing Associations and Local Authorities, whilst maintaining our links with many organisations, who are strong within their own sector and provide a stable platform going forward. Our continued success and stability has enabled us to retain our local workforce and strengthen our supply chain.

The group continues to invest for future growth and success, whilst maintaining a balanced well trained, highly motivated workforce. The business takes its health and safety obligations very seriously and to this end employees have attended numerous courses during the year, to ensure that all staff have received the necessary training to perform their duties safely.

Principal risks and uncertainties

The demand for services of the group are dependent upon the confidence within the UK housing and construction market. This includes factors such as interest rates and the availability of credit, which are outside the group's control. The business however continues to reduce risk and uncertainty by increasing its customer base, whilst keeping fixed costs to a minimum. Forward work load levels have remained healthy, as contracts are won, with the business already securing 100% of its anticipated work load for 2017.

Key performance indicators

The Directors monitor the performance of the group by reviewing actual monthly results with expected performance and by completing detailed reviews of the performance on individual contracts on a monthly basis. In addition to this process the Directors measure financial performance for the year using the following indicators:-

	<u>2016/2015</u>	<u>2015/2014</u>
Decline/Growth in Turnover	5%	47.8%
Net Profit Before Tax % Turnover	0.6%	0.3%
Cash Balance	£4.5m	£3.1m

The balance sheet continues to improve with an increase in net current assets.

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Other performance indicators

The group uses a suite of non-financial KPI's to monitor and measure success on a regular basis, which cover the whole business operating functions (these are monitored on a monthly basis).

- Project levels – accident frequency rates
- Client satisfaction – service
- Client satisfaction – product
- Defects
- Cost productivity excluding Client change
- Percentage local supplier spend
- Percentage local labour
- Employment/apprentice targets
- Tonnage to landfill
- Waste to landfill as % of all waste
- Customer satisfaction

Other information and explanations

Quality, Health & Safety and Environmental Policies

The group places a great importance on ensuring the business undertakes its functions in a safe manner, whilst maintaining quality and ensuring that environmental impacts are minimised. To this end we maintain our CHAS Certification, together with our ISO 9001 and 14001 external accreditation.

Future Developments

The Board of Directors continue to actively review the Company's performance on an ongoing basis ensuring that projects are secured with appropriate risk analysis and that suitable and sufficient resources are available to ensure the companies systems, procedures and policies are maintained at all times to ensure business success.

We continue to develop our personnel with increased focus on staff training and staff/personal development reviews. All employees have an opportunity to develop their skills within an environment of open and honest reporting systems, support mechanisms and a hierarchy of control mechanisms for key functions.

On behalf of the board

Mr A Rees
Director
18 April 2017



J.HARPER & SONS(LEOMINSTER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

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 7.

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

Auditor

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

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

J.HARPER & SONS(LEOMINSTER) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

On behalf of the board

Mr A Rees
Director
18 April 2017

A handwritten signature in black ink, appearing to read 'A Rees', written in a cursive style.

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 2016 which comprise the Statement of Comprehensive Income, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

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 2016 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, based on the work undertaken in the course of our 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.

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

18 April 2017

Chartered Accountants
Statutory Auditor

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

J.HARPER & SONS(LEOMINSTER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	24,933,170	23,769,463
Cost of sales		(22,400,024)	(21,876,455)
Gross profit		2,533,146	1,893,008
Administrative expenses		(2,418,504)	(1,833,912)
Other operating income		12,000	12,000
Operating profit	4	126,642	71,096
Interest receivable and similar income	8	22,623	4,328
Interest payable and similar expenses	9	-	(73)
Profit before taxation		149,265	75,351
Taxation	10	(30,249)	(17,110)
Profit for the financial year	18	119,016	58,241

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 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11		3,447		6,363
Current assets					
Debtors falling due after one year	12	2,765,208		-	
Debtors falling due within one year	12	4,143,744		5,456,225	
Cash at bank and in hand		4,527,888		3,167,916	
		11,436,840		8,624,141	
Creditors: amounts falling due within one year	13	(8,379,491)		(5,692,741)	
Net current assets			3,057,349		2,931,400
Total assets less current liabilities			3,060,796		2,937,763
Provisions for liabilities	14		(4,017)		-
Net assets			3,056,779		2,937,763
Capital and reserves					
Called up share capital	17		2,000		2,000
Profit and loss reserves	18		3,054,779		2,935,763
Total equity			3,056,779		2,937,763

The financial statements were approved by the board of directors and authorised for issue on 18 April 2017 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 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015		2,000	2,877,522	2,879,522
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	58,241	58,241
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2015		2,000	2,935,763	2,937,763
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	119,016	119,016
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2016		2,000	3,054,779	3,056,779
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

J.Harper & Sons(Leominster) Limited is a private 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.

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

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

1.2 Going concern

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

1.3 Turnover

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

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

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

1.4 Tangible fixed assets

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

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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

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

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

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

1.6 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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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

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

1.7 Cash and cash equivalents

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

1.8 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 balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

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

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

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

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.9 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.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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.

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 £2,606,695 (2015 £1,440,537). 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:

	2016 £	2015 £
Turnover		
Sale of services	24,933,170	23,769,463

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue (Continued)

Other significant revenue

Interest income	22,623	4,328
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Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	24,933,170	23,769,463

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

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	2,917	10,395
Operating lease charges	307,170	282,965

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	6,500	6,500
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:

	2016 Number	2015 Number
Administration staff	40	30
Site based	51	44
	91	74

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees

(Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,096,572	2,421,731
Social security costs	316,854	254,900
Pension costs	198,197	151,814
	<u>3,611,623</u>	<u>2,828,445</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	579,599	476,721
Company pension contributions to defined contribution schemes	92,354	93,945
	<u>671,953</u>	<u>570,666</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 - 3).

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

Remuneration for qualifying services	274,637	207,775
Company pension contributions to defined contribution schemes	31,652	19,218
	<u>306,289</u>	<u>226,993</u>

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	5,441	4,328
Other interest income	17,182	-
	<u>22,623</u>	<u>4,328</u>

9 Interest payable and similar expenses

	2016 £	2015 £
Other interest	-	73
	<u>-</u>	<u>73</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	26,232	17,110
Deferred tax		
Origination and reversal of timing differences	4,017	-
Total tax charge	30,249	17,110

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

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

	2016 £	2015 £
Profit before taxation	149,265	75,351
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	29,853	15,070
Tax effect of expenses that are not deductible in determining taxable profit	197	263
Depreciation on assets not qualifying for tax allowances	353	1,790
Deferred tax adjustments in respect of prior years	(154)	(164)
Tax at marginal rate	-	151
Taxation for the year	30,249	17,110

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2016 and 31 December 2016	88,630	8,603	176,753	273,986
Depreciation and impairment				
At 1 January 2016	86,862	8,295	172,465	267,622
Depreciation charged in the year	1,768	77	1,072	2,917
At 31 December 2016	88,630	8,372	173,537	270,539
Carrying amount				
At 31 December 2016	-	231	3,216	3,447
At 31 December 2015	1,767	308	4,288	6,363

12 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	461,224	898,285
Gross amounts due from contract customers	2,606,695	1,440,537
Amount due from parent undertaking	116,700	1,923,985
Amounts due from fellow group undertakings	50,000	873,413
Other debtors	772,291	215,328
Prepayments and accrued income	136,834	104,677
	4,143,744	5,456,225
Amounts falling due after more than one year:		
Amount due from parent undertaking	1,844,375	-
Amounts due from fellow group undertakings	920,833	-
	2,765,208	-
Total debtors	6,908,952	5,456,225

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Debtors

(Continued)

The loans with group companies are subject to a formal loan agreement with the following terms:

Loan due from parent undertaking

- Repayment £8,125 per month
- Interest 1% per annum above base
- Term 20 years from 8 December 2016

Loan due from fellow group undertakings

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

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Payments received on account	11,720	58,110
Trade creditors	8,219,066	5,498,935
Amounts due to group undertakings	26,350	-
Corporation tax	26,232	17,110
Other taxation and social security	28,973	48,536
Accruals and deferred income	67,150	70,050
	<u>8,379,491</u>	<u>5,692,741</u>

14 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	15	4,017	-
		<u>4,017</u>	<u>-</u>

15 Deferred taxation

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

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Retirement benefit obligations	4,017	-
	<u>4,017</u>	<u>-</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Deferred taxation (Continued)

	2016 £
Movements in the year:	
Liability at 1 January 2016	-
Charge to profit or loss	4,017
Liability at 31 December 2016	<u>4,017</u>

16 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>198,197</u>	<u>151,814</u>

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

17 Share capital

	2016 £	2015 £
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>

18 Profit and loss reserves

	2016 £	2015 £
At 1 January 2016	2,935,763	2,877,522
Profit for the year	<u>119,016</u>	<u>58,241</u>
At 31 December 2016	<u>3,054,779</u>	<u>2,935,763</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

19 Financial commitments, guarantees and contingent liabilities

The company is party to unlimited guarantees and cross guarantees with other group companies to secure overdraft facilities of Harper Group Plc and its subsidiaries. As at 31 December 2016 the amount owing by other group companies was £nil (2015 £nil).

There were no cross guarantees in respect of subcontractor suppliers of a fellow subsidiary Harper Group Construction Limited at 31 December 2016 and 31 December 2015.

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 £1,452,560 (2015 £954,032). Cash collateral deposits in connection with performance bonds held with insurance companies at the year end amount to £506,961 (2015 £0) and are included in cash at bank.

20 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:

	2016 £	2015 £
Within one year	38,815	19,391
Between two and five years	609,551	510,325
In over five years	288,000	336,000
	<u>936,366</u>	<u>865,716</u>

At the reporting end date the total future minimum sublease payments expected to be received under non-cancellable subleases was £26,000 (2015 £38,000).

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 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 £7,410 (2015 £8,824) from HGCSA Limited. At the balance sheet date £5,460 (2015 £3,315) was due from 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 £995 (2015 £4,649). The work was carried out on normal commercial terms.

During the year, the company carried out work on the property owned by M Harvey, a director of J Harper & Sons (Leominster) Limited, to the value of £9,224 (2015 £0). The work was carried out on normal commercial terms.

Directors interests in contracts

The directors pension scheme, The J Harper & Sons Group SIPP, owns the property occupied by J Harper & Sons (Leominster) Limited. During the year, the company paid rent to the pension scheme amounting to £48,000. (2015 £47,250). At the year end, trade creditors include £0 (2015 £12,000) due to the pension scheme.

22 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.