

Company Registration No. 00782078 (England and Wales)

J HARPER AND SONS (LEOMINSTER) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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J HARPER AND 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 OBB
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 AND SONS (LEOMINSTER) LIMITED

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J HARPER AND SONS (LEOMINSTER) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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

Review of the business

The Directors are pleased to report continuing profitability and increased activity in 2014 and has delivered a solid set of accounts for the year ended 31st December 2014.

The year to 31st December 2014 has been busy for the company in bidding for work in a competitive market. We have responded well to the challenges this difficult market has presented and our continued success is due to the hard work of our committed and professional staff allowing us to remain well positioned in today's changing environment.

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 2015 secured and tender enquiry levels remain high.

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.

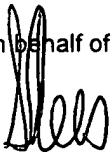
We continue to deliver our projects safely, to programme, to budget and to the highest quality at fair and market competitive prices. With our broad and flexible capability we are able to adapt to changing markets and will continue delivering all construction types of all sizes under all procurement routes.

The 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 2015.

On behalf of the board



Mr A Rees
Director
2 April 2015

J HARPER AND SONS (LEOMINSTER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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

Principal activities

The 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.

Results and dividends

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

Directors

The following directors have held office since 1 January 2014:

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

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

J HARPER AND SONS (LEOMINSTER) LIMITED

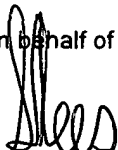
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr A Rees

Director

2 April 2015

J HARPER AND SONS (LEOMINSTER) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF J HARPER AND SONS (LEOMINSTER) LIMITED

We have audited the financial statements of J Harper and Sons (Leominster) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice):

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

J HARPER AND SONS (LEOMINSTER) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF J HARPER AND 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

2 April 2015

Chartered Accountants
Statutory Auditor

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

J HARPER AND SONS (LEOMINSTER) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	16,083,890	13,582,199
Cost of sales		(14,622,373)	(12,342,716)
Gross profit		1,461,517	1,239,483
Administrative expenses		(1,418,101)	(1,195,881)
Other operating income		10,500	5,856
Operating profit	3	53,916	49,458
Other interest receivable and similar income	4	3,739	2,189
Interest payable and similar charges	5	(987)	(6,634)
Profit on ordinary activities before taxation		56,668	45,013
Tax on profit on ordinary activities	6	(13,724)	-
Profit for the year	12	42,944	45,013

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

There are no recognised gains and losses other than those passing through the profit and loss account.

J HARPER AND SONS (LEOMINSTER) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	7		16,758		27,664
Current assets					
Debtors: amounts falling due within one year	8	2,151,228		1,717,545	
Debtors: amounts falling due after more than one year	8	2,712,129		2,533,654	
Cash at bank and in hand		1,572,583		1,310,154	
		<u>6,435,940</u>		<u>5,561,353</u>	
Creditors: amounts falling due within one year	9	<u>(3,573,176)</u>		<u>(2,752,439)</u>	
Net current assets			<u>2,862,764</u>		<u>2,808,914</u>
Total assets less current liabilities			<u>2,879,522</u>		<u>2,836,578</u>
Capital and reserves					
Called up share capital	11		2,000		2,000
Profit and loss account	12		<u>2,877,522</u>		<u>2,834,578</u>
Shareholders' funds	13		<u>2,879,522</u>		<u>2,836,578</u>

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


Mr M Harvey
Director

Company Registration No. 00782078

J HARPER AND SONS (LEOMINSTER) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	£	2014 £	£	2013 £
Net cash inflow from operating activities		259,677		387,401
Returns on investments and servicing of finance				
Interest received	3,739		2,189	
Interest paid	(987)		(6,634)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		2,752		(4,445)
Taxation		-		(5,589)
Net cash inflow before management of liquid resources and financing		262,429		377,367
Increase in cash in the year		262,429		377,367

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

1	Reconciliation of operating profit to net cash outflow from operating activities	2014	2013		
		£	£		
	Operating profit	53,916	49,458		
	Depreciation of tangible assets	10,906	11,586		
	Increase in debtors	(612,158)	(34,708)		
	Increase in creditors within one year	807,013	361,065		
	Net cash inflow from operating activities	259,677	387,401		
2	Analysis of net funds	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,310,154	262,429	-	1,572,583
	Bank deposits	-	-	-	-
	Net funds	1,310,154	262,429	-	1,572,583
3	Reconciliation of net cash flow to movement in net funds	2014	2013		
		£	£		
	Increase in cash in the year	262,429	377,367		
	Movement in net funds in the year	262,429	377,367		
	Opening net funds	1,310,154	932,787		
	Closing net funds	1,572,583	1,310,154		

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 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.

1.7 Pensions

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

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

3	Operating profit	2014 £	2013 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	10,906	11,586
	Operating lease rentals		
	- Motor vehicles	209,920	198,354
	- Other assets	46,500	46,500
	Fees payable to the company's auditor for the audit of the company's annual accounts	6,750	6,750
	and after crediting:		
	Rents receivable	10,500	5,856
		<u> </u>	<u> </u>

Fees paid to the company's auditor, CK Audit, for services other than the statutory audit of the company are not disclosed in J Harper & Sons (Leominster) Limited's accounts, since the consolidated accounts of J Harper & Sons (Leominster) Limited's accounts ultimate parent company, Harper Group Management Limited, are required to disclose non-audit fees on a consolidated basis.

4	Investment income	2014 £	2013 £
	Bank interest	3,739	2,189
		<u>3,739</u>	<u>2,189</u>

5	Interest payable	2014 £	2013 £
	On bank loans and overdrafts	84	-
	Other interest	903	6,634
		<u>987</u>	<u>6,634</u>

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6	Taxation	2014	2013		
		£	£		
	Domestic current year tax				
	U.K. corporation tax	13,724	-		
	Total current tax	13,724	-		
	Factors affecting the tax charge for the year				
	Profit on ordinary activities before taxation	56,668	45,013		
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 20.00%)	11,334	9,003		
	Effects of:				
	Non deductible expenses	121	20		
	Depreciation in excess of capital allowances	1,610	1,620		
	Group relief obtained	-	(1,181)		
	Directors'/participants' remuneration adjustment	-	(9,819)		
	Other tax adjustments	659	357		
		2,390	(9,003)		
	Current tax charge for the year	13,724	-		
7	Tangible fixed assets				
		Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
		£	£	£	£
	Cost				
	At 1 January 2014 & at 31 December 2014	88,630	8,603	176,753	273,986
	Depreciation				
	At 1 January 2014	69,137	8,055	169,130	246,322
	Charge for the year	8,863	137	1,906	10,906
	At 31 December 2014	78,000	8,192	171,036	257,228
	Net book value				
	At 31 December 2014	10,630	411	5,717	16,758
	At 31 December 2013	19,493	548	7,623	27,664

J HARPER AND SONS (LEOMINSTER) LIMITED

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

8 Debtors	2014 £	2013 £
Trade debtors	371,096	377,923
Amounts recoverable on long term contracts	1,587,156	1,098,700
Amounts owed by parent and fellow subsidiary undertakings	2,712,129	2,545,209
Other debtors	114,513	155,895
Prepayments and accrued income	78,463	73,472
	<u>4,863,357</u>	<u>4,251,199</u>

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

	2014 £	2013 £
Amounts owed by group undertakings	<u>2,712,129</u>	<u>2,533,654</u>

The directors have agreed that they will not seek repayment this loan within 12 months of the balance sheet date.

9 Creditors: amounts falling due within one year	2014 £	2013 £
Payments received on account	78,873	64,176
Trade creditors	3,336,377	2,622,799
Corporation tax	13,724	-
Other taxes and social security costs	29,639	23,349
Other creditors	2,656	6,465
Accruals and deferred income	111,907	35,650
	<u>3,573,176</u>	<u>2,752,439</u>

10 Retirement Benefits

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2014 £	2013 £
Contributions payable by the company for the year	<u>74,210</u>	<u>60,532</u>

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11	Share capital	2014 £	2013 £
	Allotted, called up and fully paid		
	2,000 Ordinary shares of £1 each	2,000	2,000

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2014	2,834,578
Profit for the year	42,944
Balance at 31 December 2014	2,877,522

13	Reconciliation of movements in Shareholders' funds	2014 £	2013 £
	Profit for the financial year	42,944	45,013
	Opening Shareholders' funds	2,836,578	2,791,565
	Closing Shareholders' funds	2,879,522	2,836,578

14 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 2014 the amount owing by other group companies was £nil (2013 £nil).

The company has provided a full cross guarantee in respect of two sub contractor suppliers of a fellow subsidiary Harper Group Construction Limited.

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 £240,553.

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

15 Financial commitments

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	5,492	17,559
Between two and five years	-	-	195,210	160,404
In over five years	46,500	46,500	-	-
	<u>46,500</u>	<u>46,500</u>	<u>200,702</u>	<u>177,963</u>

16 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	270,762	268,924
Company pension contributions to defined contribution schemes	36,028	29,586
	<u>306,790</u>	<u>298,510</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2013 - 3).

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

Remuneration for qualifying services	109,427	109,393
Company pension contributions to defined contribution schemes	15,274	12,609
	<u>124,701</u>	<u>121,999</u>

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

17 Employees

Number of employees

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

	2014 Number	2013 Number
Administration staff	20	17
Site based	40	38
	<u>60</u>	<u>55</u>

Employment costs

	2014 £	2013 £
Wages and salaries	1,807,436	1,608,407
Social security costs	180,270	168,578
Other pension costs	74,210	60,532
	<u>2,061,916</u>	<u>1,837,517</u>

18 Control

The ultimate parent company is Harper Group Management Limited, a company registered in England and Wales.

Harper Group Management Limited prepares group financial statements and copies can be obtained from Beeches Road, Rowley Regis, Warley, West Midlands B65 0BB.

The immediate parent company is Harper Group plc.

J HARPER AND SONS (LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

19 Related party relationships and transactions

A P Rees is a director of Hereford and Gloucestershire Construction Safety Association Limited (HGCSA). During the year the company made purchases of £6,665 (2013 £9,750) from HGCSA Limited. At the balance sheet date £3,084 was due from HGCSA Limited (2013 £300 due to HGSCA Limited).

During the year, the company carried out work on property owned by S Underhill, who has a beneficial interest in the company, to the value of £6,609 (2013 £nil). The work was carried out on normal commercial terms.

During the year, the company has carried out construction work for ICC (One) Limited, a company under common control amounting to £1,500 (2013 £nil). Amounts recoverable on long term contracts at the year end includes an amount of £nil (2013 £nil). The work was carried out on normal commercial terms.

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.