

Company registration number 00782078 (England and Wales)

J.HARPER & SONS(LEOMINSTER) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

J.HARPER & SONS(LEOMINSTER) LIMITED

COMPANY INFORMATION

Directors	Miss V Overton Mr A Rees Mr M Harvey
Secretary	Miss V Overton
Company number	00782078
Registered office	Units 1 & 2 Bevan Industrial Estate Brierley Hill West Midlands DY5 3TF
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 - 5
Directors' report	6
Directors' responsibilities statement	7
Independent auditor's report	8 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 26

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

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.

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

Turnover has dropped slightly to circa £35m due to the difficult market conditions brought on by Brexit, COVID and high inflation however, the Company continues the delivery of high quality projects, on time and to Client requirements.

The Group continues to be profitable (despite challenging market conditions) through the principals of strong, stable and professional management systems and support. We strategically target key Clients predominately in the Public Sector, such as Housing Associations and Local Authorities, whilst maintaining our links with organisations, who are strong within their own sector and provide a stable long-term informed relationship. Our continued success and stability has enabled us to develop our local workforce and strengthen our supply chain.

The group continues to invest for future performance and long-term stability by maintaining a balanced well trained, highly motivated workforce. The business takes its health and safety obligations very seriously and to this end employees attend numerous courses during the year both internally and externally, to ensure that all staff have received the necessary training to perform their duties.

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 reduced as expected with the business already securing 70% of its anticipated work load for 2023.

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:-

	2020/2021	2021/2022
Turnover	£38,032,742	£35,357,293
Profit Before Tax % Turnover	1.3%	0.7%
Profit for Year before Tax	£501,521	£263,818
Total Equity	£4,387,845	£4,376,685

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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).

- Client satisfaction – service and product
- Defects
- Construction time and cost
- Productivity
- Profitability
- Health and Safety inc. accident frequency rates
- Staff Turnover
- Sickness/Absence
- Qualifications and Skills
- Percentage local supplier spend
- Percentage local labour
- Employment/apprentice targets
- Tonnage to landfill
- Waste to landfill as % of all waste

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 whilst carrying out extensive training and development.

Health and Safety Risk

The Group's activities are significant and complex which require the continuous monitoring and management of health, safety and environmental risks. Failure to manage these risks could result in serious harm to employees, subcontractors, the public or the environment and could expose the Group to significant potential liabilities and reputational damage

The Group is committed to ensure a safe working environment. These risks are managed by the Group through the strong promotion of a health and safety culture and well-defined health and safety policies and procedures.

Technology / IT

The impact of digital technology continues, with the industry rapidly adjusting to consumers, clients and service providers operating in a mobile connected world, albeit through fragmented media. The Group has invested in its "IT" infrastructure to facilitate current and continued developments in this field.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Other information and explanations

Coronavirus Pandemic/Brexit/High Inflation

The coronavirus pandemic, Brexit and now high inflation has, and continues to, create an unprecedented level of uncertainty for the UK and beyond. We have been following Government guidance since the outset of the Coronavirus outbreak and will continue to do so.

The isolation measures taken by individual governments to mitigate the spread of the virus, as well as the disease impact of the virus on the general population, has altered client and supplier behaviours. The situation, along with supply chain uncertainty, is evolving and we continue to monitor the impact of the measures taken on our business and the wider economy.

The Group will continue to monitor the situation regarding the wider impact on service delivery resulting from changing client and supply chain behaviours.

People

The success of the group depends on its ability to recruit, retrain and develop people with the necessary experience and expertise. It is critical that the group has a highly skilled, diverse and motivated workforce as the demands and complexity of project requirements increase.

The Group seeks to mitigate this risk by offering market-competitive remuneration, training and career development opportunities. Remuneration and incentive packages are reviewed annually to assist in the attraction and retention of key employees.

Supply Chain

As a business, our success depends heavily on our ability to appropriately manage our supply chain. Failure to do this could result in project delivery issues, compliance issues and strained customer relationships, ultimately leading to damage to the group reputation and financial penalties.

The Group seeks to develop long-term relationships with its key subcontractors whilst at the same time not becoming over-reliant on any particular one for the delivery of certain services. As part of its selection criteria, the Group seeks to work with subcontractors /suppliers who share its values.

Energy and Carbon Report

These are detailed within the Consolidated Accounts

Finance

The Group is able to operate through the cash reserves which have been built up through retained profits and management of working capital. Given the growth within the Group it is important that strong finances are in place and that key financial risks are managed. If the business does not have sufficient working capital, then it will be unable to meet its contractual obligations to make payments. The Group depends on appropriate, accurate and timely financial information to manage the business effectively; if there is lack of visibility then poor decisions can be made. The Group continually reviews its financial position to ensure there are sufficient resources to meet current and potential future operational demands.

We remain confident that the company has sufficient and appropriate measures/resources in place to appropriately respond to all requirements.

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Promoting the success of the company

The following S172 statement focuses on matters of strategic importance to the Harper Group of companies and the level of information disclosed is consistent with the size and complexity of the business. The following Group statements should be read together with the Groups Strategic Report.

The Directors are required by the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, are required to have regard for the following:-

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct and.
- The need to act fairly as between members of the company

The Directors continue to recognise the importance of giving due consideration to the interests of the company's employees and other stakeholders, including the impact of its activities on the community the environment and the company's reputation when making decisions.

The Group Board considers that its major stakeholders are its employees, customers and shareholders. When making decisions, the interests of these stakeholders is considered informally as part of the Board's discussions. Engaging with our stakeholders, including shareholders, suppliers, customers and employees strengthens our relationships and helps the Board to understand the issues that matter most to them and our business and enables us to make better business decisions and deliver on our commitments.

Strategy

Our business plans are designed to have a long term beneficial impact on the company and to contribute to a delivery of quality finished products and services.

Staff

Our staff are fundamental to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our team members receive. The health, safety and well being of our team members is one of our primary considerations in the way we do business.

Customers

Engagement with our customers is key to our success. We meet with all regularly and are flexible to changing business environments needs, whilst applying the most up to date regulations.

Suppliers

We engage with our suppliers regularly, developing relationships through our due diligence processes that ensure suppliers trade responsibly, whilst minimising risk to supply chain. We aim to pay suppliers on time wherever possible and do not tolerate modern slavery, corruption or bribery.

Environment and Community

We take account of the impact of our operations on the community and environment and our wider social responsibilities and we comply with the environmental legislation and pursue waste saving opportunities wherever possible.

The Harper Group's intention is to act responsibly, collaboratively, considerately and to the highest standard of business conduct and governance.

J.HARPER & SONS(LEOMINSTER) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Mr A Rees
Director

20 June 2023

J.HARPER & SONS(LEOMINSTER) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

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 11.

Ordinary dividends were paid amounting to £225,000. The directors do not recommend payment of a final dividend.

Directors

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

Miss V Overton
Mr A Rees
Mr M Harvey

Auditor

In accordance with the company's articles, a resolution proposing that CK Audit be reappointed as auditor of the company will be put at a General Meeting.

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.

On behalf of the board

Mr A Rees
Director

20 June 2023

J.HARPER & SONS(LEOMINSTER) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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;
- 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 & SONS(LEOMINSTER) LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of J.Harper & Sons(Leominster) Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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

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

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

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identified and assessed the risks of material misstatement of the financial statements, in respect of irregularities whether due to fraud or error, or non compliance with laws and regulations and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company by discussion and enquiry with the directors and management team and our general knowledge and experience of the construction industry.

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, and health and safety legislation;

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing correspondence with relevant regulators.

J.HARPER & SONS(LEOMINSTER) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Audit responses to risks identified

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included but were not limited to:

- Discussions with directors and management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Confirming our understanding of controls by performing a walk through test or observation and enquiry;
- Performing analytical procedures to identify any unusual or unexpected relationships;
- Challenging assumptions and judgements made by management in accounting for long term construction contracts including recognition of income and estimation of costs to complete;
- Identifying and testing journal entries;
- Reviewing unusual or unexpected transactions; and
- Agreeing the financial statement disclosures to underlying supporting documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Wendy Davies
Senior Statutory Auditor
For and on behalf of CK Audit

25 September 2023

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 2022

	Notes	2022 £	2021 £
Turnover	3	35,357,293	38,032,742
Cost of sales		(32,217,899)	(34,885,443)
Gross profit		3,139,394	3,147,299
Administrative expenses		(3,482,297)	(3,172,264)
Other operating income		360,900	461,717
Operating profit	4	17,997	436,752
Interest receivable and similar income	8	245,821	64,769
Profit before taxation		263,818	501,521
Tax on profit	9	(49,978)	208,243
Profit for the financial year		213,840	709,764

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

The notes on pages 14 to 26 form part of these financial statements.

J.HARPER & SONS(LEOMINSTER) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		26,879		30,526
Current assets					
Debtors falling due after more than one year	12	3,395,890		1,936,879	
Debtors falling due within one year	12	10,911,341		8,079,592	
Cash at bank and in hand		2,744,643		9,051,692	
		17,051,874		19,068,163	
Creditors: amounts falling due within one year	13	(12,696,014)		(14,705,661)	
Net current assets			4,355,860		4,362,502
Total assets less current liabilities			4,382,739		4,393,028
Provisions for liabilities					
Deferred tax liability	14	6,054		5,183	
			(6,054)		(5,183)
Net assets			4,376,685		4,387,845
Capital and reserves					
Called up share capital	16		2,000		2,000
Profit and loss reserves	17		4,374,685		4,385,845
Total equity			4,376,685		4,387,845

The notes on pages 14 to 26 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20 June 2023 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 2022

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 1 January 2021	2,000	3,676,081	3,678,081
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	709,764	709,764
Balance at 31 December 2021	2,000	4,385,845	4,387,845
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	213,840	213,840
Dividends	10	(225,000)	(225,000)
Balance at 31 December 2022	2,000	4,374,685	4,376,685

The notes on pages 14 to 26 form part of these financial statements.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 Units 1 & 2, Bevan Industrial Estate, Brierley Hill, West Midlands, DY5 3TF.

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 under the historical cost convention. 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.

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.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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 revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

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.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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 transaction 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.

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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account 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.

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.

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

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 £4,230,834 (2021 £4,321,318). 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.

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Sale of services	35,357,293	38,032,742

	2022 £	2021 £
Other revenue		
Interest income	245,821	64,769
Grants received	-	11,997

4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2022 £	2021 £
Government grants	-	(11,997)
Depreciation of owned tangible fixed assets	8,668	3,218
Operating lease charges	350,175	362,468

5 Auditor's remuneration

Fees payable to the company's auditor and associates:

	2022 £	2021 £
For audit services		
Audit of the financial statements of the company	12,400	10,200
For other services		
Taxation compliance services	750	750
All other non-audit services	750	750
	1,500	1,500

6 Employees

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

	2022 Number	2021 Number
Administration staff	48	54
Site based	110	103
Total	158	157

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	5,545,535	5,299,447
Social security costs	588,594	530,563
Pension costs	279,805	232,567
	<u>6,413,934</u>	<u>6,062,577</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	490,419	877,927
Company pension contributions to defined contribution schemes	12,000	12,000
	<u>502,419</u>	<u>889,927</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

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

	2022 £	2021 £
Remuneration for qualifying services	234,767	411,416
Company pension contributions to defined contribution schemes	4,000	4,000
	<u>238,767</u>	<u>415,416</u>

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	27,558	-
Interest receivable from group companies	218,263	64,769
	<u>245,821</u>	<u>64,769</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	50,913	89,067
Adjustments in respect of prior periods	(1,806)	(302,493)
Total current tax	49,107	(213,426)
Deferred tax		
Origination and reversal of timing differences	871	5,183
Total tax charge/(credit)	49,978	(208,243)

The actual charge/(credit) 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:

	2022 £	2021 £
Profit before taxation	263,818	501,521
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	50,125	95,289
Tax effect of expenses that are not deductible in determining taxable profit	902	741
Change in unrecognised deferred tax assets	-	(44)
Adjustments in respect of prior years	(1,806)	(302,493)
Effect of change in corporation tax rate	1,453	-
Group relief	(410)	-
Other non-reversing timing differences	(286)	(1,736)
Taxation charge/(credit) for the year	49,978	(208,243)

10 Dividends

	2022 £	2021 £
Interim paid	225,000	-

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2022	88,630	8,603	215,782	313,015
Additions	-	-	5,021	5,021
At 31 December 2022	88,630	8,603	220,803	318,036
Depreciation and impairment				
At 1 January 2022	88,630	8,603	185,256	282,489
Depreciation charged in the year	-	-	8,668	8,668
At 31 December 2022	88,630	8,603	193,924	291,157
Carrying amount				
At 31 December 2022	-	-	26,879	26,879
At 31 December 2021	-	-	30,526	30,526

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,491,130	811,835
Gross amounts owed by contract customers	4,458,349	4,321,318
Corporation tax recoverable	442,307	493,220
Amounts owed by group undertakings	993,463	970,425
Other debtors	3,377,540	1,343,861
Prepayments and accrued income	148,552	138,933
	10,911,341	8,079,592
Amounts falling due after more than one year:		
Amounts owed by group undertakings	524,557	622,057
Other debtors	2,871,333	1,314,822
	3,395,890	1,936,879
Total debtors	14,307,231	10,016,471

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Debtors

(Continued)

The principal loan with the parent undertaking is subject to a formal loan agreement with the following terms:

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

At the year-end a short term loan of £100,000 also exists for which there is no formal agreement.

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Payments received on account	184,387	256,886
Trade creditors	12,215,960	14,225,623
Amounts owed to group undertakings	-	1,489
Taxation and social security	81,630	76,393
Other creditors	21,937	1,830
Accruals and deferred income	192,100	143,440
	<u>12,696,014</u>	<u>14,705,661</u>

14 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 2022 £	Liabilities 2021 £
Balances:		
ACAs	<u>6,054</u>	<u>5,183</u>
Movements in the year:		2022 £
Liability at 1 January 2022		5,183
Credit to profit or loss		(582)
Effect of change in tax rate - profit or loss		<u>1,453</u>
Liability at 31 December 2022		<u>6,054</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	279,805	232,567

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.

16 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	2,000	2,000	2,000	2,000

17 Profit and loss reserves

	2022	2021
	£	£
At the beginning of the year	4,385,845	3,676,081
Profit for the year	213,840	709,764
Dividends declared and paid in the year	(225,000)	-
At the end of the year	4,374,685	4,385,845

18 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 2022 the amount owing by other group companies was £nil (2021 £nil).

Performance bonds

Performance bonds require the bondsmen 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 £4,865,686 (2021 £3,302,405). There were no cash collateral deposits in connection with performance bonds held with insurance companies at the year end (2021 £0).

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 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:

	2022 £	2021 £
Within one year	258,618	315,030
Between two and five years	612,012	287,716
In over five years	1,800,000	542,500
	<u>2,670,630</u>	<u>1,145,246</u>

At the reporting end date the total future minimum sublease payments expected to be received under non-cancellable subleases was £6,300 (2021 £18,900).

20 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Connected companies	48,000	26,800	2,560	33,280
Other related parties	-	-	22,400	12,150
	<u>48,000</u>	<u>26,800</u>	<u>24,960</u>	<u>45,430</u>

	Rent 2022 £	Rent 2021 £	Loan interest 2022 £	Loan interest 2021 £
Connected companies	-	-	203,614	34,143
Key management personnel	58,750	58,000	-	-
	<u>58,750</u>	<u>58,000</u>	<u>203,614</u>	<u>34,143</u>

During the year, a net amount of £3,311,404 (2021 - £2,280,833) was advanced to connected companies in the form of a loan.

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due from related parties		
Connected companies	<u>5,756,848</u>	<u>2,314,976</u>

J.HARPER & SONS(LEOMINSTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Ultimate controlling party

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 Units 1 & 2, Bevan Industrial Estate, Brierley Hill, West Midlands, DY5 3TF.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.