

COMPANY REGISTRATION NUMBER: NI629986

HENRY BROTHERS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2017

COMPANIES HOUSE
30 JUN 2017
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Henry Brothers Limited

Financial statements

Year ended 31 March 2017

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the members	7
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	15

Henry Brothers Limited

Officers and professional advisers

The board of directors	D Henry I Henry N Henry J McKeown H Young A Reid A Mitchell J Gordon P Mclean I McCully D Wallace H Henry
Company secretary	H Young
Registered office	108-114 Moneymore Road Magherafelt Co. Londonderry BT45 6HJ
Auditor	BDO Northern Ireland Chartered accountant & statutory auditor Lindsay House 10 Callender Street Belfast BT1 5BN
Bankers	Ulster Bank Limited 20 Broad Street Magherafelt Northern Ireland BT45 6EA
Solicitors	Doris & McMahon 63 James Street Cookstown Co. Londonderry BT80 8AE

Henry Brothers Limited

Strategic report

Year ended 31 March 2017

Introduction

The directors are pleased to present their strategic report for the year to 31 March 2017.

Principal activities

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

Business review

The directors are pleased to report an increase in workload over the past year and this is reflected in the increased level of turnover. This increase in turnover has been the result of successful targeting of key markets across both Northern Ireland and Great Britain.

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

The directors consider the result for the year as satisfactory and do not anticipate any significant changes in the forthcoming period.

People in our business

The continued success of the business has been achieved by the people working in it. There are many long serving members of staff and the relatively low turnover of personnel reflects the general policy of providing good terms and conditions of employment while dealing with staff as well as other stakeholders in the business, in a fair and consistent manner. Their continued loyalty and hard work is much appreciated.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the economic factors affecting the group.

This is achieved through the provision of relevant information aimed at achieving employee awareness including our regular internal newsletters.

Health and Safety

We continue to focus on Health and Safety and the wellbeing of our employees ensuring Health and Safety is at the core of everything we do. We have continued to promote the wider health of our employees and encouraging a healthier lifestyle.

Environmental

Our Environmental Policy ensures that our construction operations have a minimal impact on the environment and where possible enhances the long term environmental conditions. We continue to develop renewable initiatives utilising energy saving procedures during the construction phases and beyond.

Henry Brothers Limited

Strategic report *(continued)*

Year ended 31 March 2017

Principal risks and uncertainties

The directors consider that the principle risks and uncertainties faced by the group are in the following categories:

Economic Risk

The risk of increased interest and inflation rates having an adverse impact on served markets.

Competition Risk

The directors of the group manage competition risk through close attention to customer service levels and product innovation.

Health and Safety Risk

The directors are committed to ensuring a safe working environment and this is reflected throughout the culture of the group.

Environmental Risk

The directors are cognisant of the group's environmental responsibilities and actively seek to minimise any environmental impact of operations.

Financial Risk

The group has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage credit, liquidity and currency risk as follows:

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

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

Currency risk

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

Brexit

The directors are confident that the group will continue to show growth over the next 12 months, however the impact of Brexit is as yet unclear and in particular how the negotiations will affect the UK construction industry. As the likely outcome of Brexit negotiations becomes clearer, the directors will carry out a risk assessment and put strategic plans in place to minimise the impact of Brexit on the group's operations.

Cyber Security

IT and cyber security risks are regularly assessed at board level. The group has policies and procedures in place to ensure it fulfils its obligations and maintains IT security.

Henry Brothers Limited

Strategic report *(continued)*

Year ended 31 March 2017

Modern Slavery Act 2015

The Modern Slavery Act 2015 signalled a new drive in the fight against slavery. It includes a duty on businesses to play their part in stopping modern slavery in global supply chains. The group is committed to being a responsible business and complying with the requirements of the Act.

Financial key performance indicators

Key performance indicators used by the directors include turnover which has increased from £35.7m to £44.2m during the year and net profit for the year before taxation amounting to £1.6m (2016: £1.1m).

Gross margins at 9% (2016: 9%) remain satisfactory. The strong liquidity position is demonstrated by cash at bank of £13.6m (2015: £15.0m) with no bank loans or hire purchase, and a Current Ratio of 1.78 (2016: 1.65).

Awards

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

- 2017 Belfast Telegraph Business Awards, Excellence in Corporate Social Responsibility, Winner;
- 2017 Business In The Community (BITC) Responsible Business Awards in Northern Ireland, Environmental Leadership Award, Shortlisted Finalist;
- 2017 Freight Transport Association Van Excellence Operator Accreditation;
- 2016 NI Family Business Awards, Commitment to the Community, Highly Commended;
- 2016 Business In the Community Northern Ireland Environmental Benchmarking Survey, Platinum;
- 2016 Business In The Community (BITC) CORE Standard;
- 2016 Certificate of Supporting the Work of Ulster Wildlife;
- 2016 Irish News Workplace & Employment Awards, Green Award category, Finalist;
- 2016 Red Ribbon Awards, Big Heart Award, Commended for Excellence;
- 2016 University of Ulster, Placement Employer of the Year Award, Highly Commended;
- 2016 National Site Award in the Considerate Constructors Scheme;
- 2016 Payroll Giving Gold Award;
- 2016 The Green Organisation, Green Apple Award for Environmental Best Practice;

This report was approved by the board of directors on 27/03/17 and signed on behalf of the board by:

H Young
Director

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

Henry Brothers Limited

Directors' report

Year ended 31 March 2017

The directors present their report and the financial statements of the group for the year ended 31 March 2017.

Directors

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

D Henry	
I Henry	
N Henry	
J McKeown	
H Young	
A Reid	
A Mitchell	
J Gordon	(Appointed 1 March 2017)
P Mclean	(Appointed 1 March 2017)
I Mccully	(Appointed 1 March 2017)
D Wallace	(Appointed 1 March 2017)
H Henry	(Appointed 1 March 2017)

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Future developments

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

Disclosure of information in the strategic report

The strategic report is included on pages 2 to 4.

Directors' responsibilities statement

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

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

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

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

Henry Brothers Limited

Directors' report *(continued)*

Year ended 31 March 2017

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

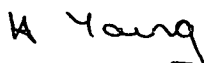
Each of the persons who is a director at the date of approval of this report confirms that:

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

Auditor

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

This report was approved by the board of directors on 27/06/17 and signed on behalf of the board by:



H Young
Director

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

Henry Brothers Limited

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

Year ended 31 March 2017

We have audited the financial statements of Henry Brothers Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's 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 the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Henry Brothers Limited

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

(continued)

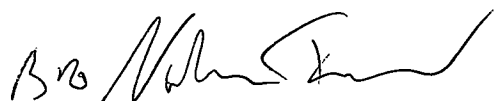
Year ended 31 March 2017

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group 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 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.



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

27 June 2017

Henry Brothers Limited

Consolidated statement of comprehensive income

Year ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover	5	44,183	35,659
Cost of sales		40,275	32,467
Gross profit		3,908	3,192
Administrative expenses		2,754	2,481
Other operating income	6	275	251
Operating profit	7	1,429	962
Other interest receivable and similar income	11	159	160
Interest payable and similar expenses	12	–	64
Profit before taxation		1,588	1,058
Tax on profit	13	251	176
Profit for the financial year and total comprehensive income		1,337	882

All the activities of the group are from continuing operations.

Henry Brothers Limited

Consolidated statement of financial position

31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	15	7,053	7,313
Current assets			
Stocks	17	1,046	951
Debtors	18	7,550	7,215
Cash at bank and in hand		13,597	15,030
		<u>22,193</u>	<u>23,196</u>
Creditors: Amounts falling due within one year	19	<u>12,465</u>	<u>14,024</u>
Net current assets		<u>9,728</u>	<u>9,172</u>
Total assets less current liabilities		<u>16,781</u>	<u>16,485</u>
Provisions	20	<u>91</u>	<u>132</u>
Net assets		<u>16,690</u>	<u>16,353</u>
Capital and reserves			
Share premium account	24	50	50
Profit and loss account	24	16,640	16,303
Members funds		<u>16,690</u>	<u>16,353</u>

These financial statements were approved by the board of directors and authorised for issue on 27/06/17 and are signed on behalf of the board by:



D Henry
Director

Company registration number: NI629986

Henry Brothers Limited

Company statement of financial position

31 March 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	15	269	–
Investments	16	50	50
		<u>319</u>	<u>50</u>
Current assets			
Debtors	18	3,846	–
Cash at bank and in hand		5,661	–
		<u>9,507</u>	<u>–</u>
Creditors: Amounts falling due within one year	19	<u>3,733</u>	<u>–</u>
Net current assets		<u>5,774</u>	<u>–</u>
Total assets less current liabilities		<u>6,093</u>	<u>50</u>
Provisions	20	24	–
Net assets		<u>6,069</u>	<u>50</u>
Capital and reserves			
Share premium account	24	50	50
Profit and loss account	24	6,019	–
Members funds		<u>6,069</u>	<u>50</u>

The profit for the financial year of the parent company was £7,019k (2016: £Nil).

These financial statements were approved by the board of directors and authorised for issue on 27/06/17 and are signed on behalf of the board by:



D Henry
Director

Company registration number: NI629986

Henry Brothers Limited

Consolidated statement of changes in equity

Year ended 31 March 2017

	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2015	50	15,421	15,471
Profit for the year	—	882	882
Total comprehensive income for the year	—	882	882
At 31 March 2016	50	16,303	16,353
Profit for the year	—	1,337	1,337
Total comprehensive income for the year	—	1,337	1,337
Dividends paid and payable	14	(1,000)	(1,000)
Total investments by and distributions to owners	—	(1,000)	(1,000)
At 31 March 2017	<u>50</u>	<u>16,640</u>	<u>16,690</u>

Henry Brothers Limited

Company statement of changes in equity

Year ended 31 March 2017

	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2015	50	–	50
Profit for the year		–	–
At 31 March 2016	50	–	50
Profit for the year		7,019	<u>7,019</u>
Total comprehensive income for the year	–	7,019	<u>7,019</u>
Dividends paid and payable	14	(1,000)	<u>(1,000)</u>
Total investments by and distributions to owners	–	(1,000)	<u>(1,000)</u>
At 31 March 2017	<u>50</u>	<u>6,019</u>	<u>6,069</u>

Henry Brothers Limited

Consolidated statement of cash flows

Year ended 31 March 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the financial year	1,337	882
<i>Adjustments for:</i>		
Depreciation of tangible assets	600	547
Other interest receivable and similar income	(159)	(160)
Interest payable and similar expenses	–	64
Gains on disposal of tangible assets	(162)	(191)
Tax on profit	251	176
Accrued (income)/expenses	(850)	1,958
Impairment of investment	–	140
Impairment of property	–	72
<i>Changes in:</i>		
Stocks	(95)	15
Trade and other debtors	(418)	(209)
Trade and other creditors	(912)	113
Cash generated from operations	(408)	3,407
Interest paid	–	(64)
Interest received	159	160
Tax paid	(6)	(982)
Net cash (used in)/from operating activities	(255)	2,521
Cash flows from investing activities		
Purchase of tangible assets	(368)	(337)
Proceeds from sale of tangible assets	190	210
Net cash used in investing activities	(178)	(127)
Cash flows from financing activities		
Dividends paid	(1,000)	–
Net cash used in financing activities	(1,000)	–
Net (decrease)/increase in cash and cash equivalents	(1,433)	2,394
Cash and cash equivalents at beginning of year	15,030	12,636
Cash and cash equivalents at end of year	13,597	15,030

The notes on pages 15 to 26 form part of these financial statements.

Henry Brothers Limited

Notes to the financial statements

Year ended 31 March 2017

1. General information

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

2. Statement of compliance

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

3. Principal activities, legal form and country of incorporation

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

The company is a private company, incorporated in Northern Ireland.

4. Accounting policies

Basis of preparation

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

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

Disclosure exemptions

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

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

Consolidation

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

The results of the subsidiaries acquired are recognised using the merger accounting method. The results and cash flows of the combining entity is brought into the financial statements from the beginning of the financial year in which the combination occurred.

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

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

4. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

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

Significant judgements

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

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

Key sources of estimation uncertainty

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

- Contract revenue and costs are recognised when the outcome of a construction contract can be reliably estimated. The percentage of completion method is used to value revenue and costs at year end, these are included in the profit or loss account. At year end, the company reviews the recoverability of amounts already recognised as contract revenue. If the debtor is not considered to be recoverable, the unrecoverable amount will be expensed in the year. When, on review of job costing schedules, it is deemed probable that total contract costs will exceed total contract revenue the expected loss is recognised as an expense immediately, which is a corresponding provision for an onerous contract.
- A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Whether a present obligation is probable or not requires judgement. The nature and types of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

4. Accounting policies *(continued)*

Revenue recognition

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

Income tax

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Defined contribution plans

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

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Tangible assets

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

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

4. Accounting policies *(continued)*

Depreciation

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

Buildings	-	1.5% straight line
Plant and machinery	-	10%-25% straight line
Fixtures and fittings	-	10%-25% straight line
Motor vehicles	-	20%-25% straight line

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Impairment of fixed assets

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

Stocks

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

Raw materials and goods for resale- purchase cost on a first in, first out basis.

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads on a normal level of activity. Provision is made for any foreseeable losses where appropriate.

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.

Cash and cash equivalents

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

Other financial assets

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

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

4. Accounting policies *(continued)*

Other financial liabilities

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

5. Turnover

Turnover arises from:

	2017 £000	2016 £000
Construction contracts	<u>44,183</u>	<u>35,659</u>

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

6. Other operating income

	2017 £000	2016 £000
Rental income	272	248
Other operating income	3	3
	<u>275</u>	<u>251</u>

7. Operating profit

Operating profit or loss is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible assets	600	547
Gains on disposal of tangible assets	(162)	(191)
Exceptional item - Impairment of investment	-	140
Exceptional item - Loss on transfer of property to development stock	-	72
Exceptional item - Compensation	-	(520)
	<u> </u>	<u> </u>

8. Auditor's remuneration

	2017 £000	2016 £000
Fees payable for the audit of the financial statements	<u>19</u>	<u>13</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

9. Staff costs

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

	2017 No.	2016 No.
Production staff	120	102
Administrative staff	37	50
	<u>157</u>	<u>152</u>

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

	2017 £000	2016 £000
Wages and salaries	5,316	4,913
Social security costs	529	479
Other pension costs	119	367
	<u>5,964</u>	<u>5,759</u>

10. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017 £000	2016 £000
Remuneration	856	631
Company contributions to defined contribution pension plans	21	292
	<u>877</u>	<u>923</u>

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

	2017 £000	2016 £000
Aggregate remuneration	97	103
Company contributions to defined contribution pension plans	3	4
	<u>100</u>	<u>107</u>

11. Other interest receivable and similar income

	2017 £000	2016 £000
Interest on cash and cash equivalents	159	150
Other interest receivable and similar income	-	10
	<u>159</u>	<u>160</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

12. Interest payable and similar expenses

	2017 £000	2016 £000
Other interest payable and similar charges	—	64

13. Tax on profit**Major components of tax expense**

	2017 £000	2016 £000
Current tax:		
UK current tax expense	254	107
Adjustments in respect of prior periods	—	89
Group relief payable	38	—
Total current tax	<u>292</u>	<u>196</u>
Deferred tax:		
Origination and reversal of timing differences	(41)	(20)
Tax on profit	<u>251</u>	<u>176</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £000	2016 £000
Profit on ordinary activities before taxation	1,588	1,058
Profit on ordinary activities by rate of tax	317	214
Adjustment to tax charge in respect of prior periods	—	89
Effect of expenses not deductible for tax purposes	12	41
Effect of revenue exempt from tax	—	(104)
Fixed asset differences	7	145
Group relief	(85)	(191)
Impact of change in tax rate	—	(18)
Tax on profit	<u>251</u>	<u>176</u>

Henry Brothers Limited

Notes to the financial statements (continued)

Year ended 31 March 2017

14. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £000	2016 £000
Dividends paid	<u>1,000</u>	<u>–</u>

15. Tangible assets

Group	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2016	7,911	1,726	98	1,198	10,933
Additions	–	249	–	119	368
Disposals	(8)	(839)	(47)	(148)	(1,042)
At 31 March 2017	<u>7,903</u>	<u>1,136</u>	<u>51</u>	<u>1,169</u>	<u>10,259</u>
Depreciation					
At 1 April 2016	1,558	1,330	46	686	3,620
Charge for the year	101	286	15	198	600
Disposals	–	(838)	(47)	(129)	(1,014)
At 31 March 2017	<u>1,659</u>	<u>778</u>	<u>14</u>	<u>755</u>	<u>3,206</u>
Carrying amount					
At 31 March 2017	<u>6,244</u>	<u>358</u>	<u>37</u>	<u>414</u>	<u>7,053</u>
At 31 March 2016	<u>6,353</u>	<u>396</u>	<u>52</u>	<u>512</u>	<u>7,313</u>
Company			Plant and machinery £000	Motor vehicles £000	Total £000
Cost					
Additions			249	49	298
At 31 March 2017			<u>249</u>	<u>49</u>	<u>298</u>
Depreciation					
Charge for the year			23	6	29
At 31 March 2017			<u>23</u>	<u>6</u>	<u>29</u>
Carrying amount					
At 31 March 2017			<u>226</u>	<u>43</u>	<u>269</u>
At 31 March 2016			<u>–</u>	<u>–</u>	<u>–</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

16. Investments

The group has no investments.

Company	Shares in group undertakings £000
Cost	
At 1 Apr 2016 and 31 Mar 2017	<u>50</u>
Impairment	
At 1 Apr 2016 and 31 Mar 2017	<u>-</u>
Carrying amount	
At 1 Apr 2016 and 31 Mar 2017	<u>50</u>

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Henry Brothers (Magherafelt) Limited	Ordinary Shares	100
Henry Brothers Midlands Limited	Ordinary Shares	100
HBDW Limited	Ordinary Shares	100

17. Stocks

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Raw materials and consumables	26	43	-	-
Development properties held as stock	<u>1,020</u>	<u>908</u>	-	-
	<u>1,046</u>	<u>951</u>	<u>-</u>	<u>-</u>

Henry Brothers Limited

Notes to the financial statements (continued)

Year ended 31 March 2017

18. Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	6,323	5,506	1,309	–
Amounts owed by group undertakings	323	162	2,466	–
Amounts owed by related parties	302	308	18	–
Prepayments and accrued income	365	386	51	–
Corporation tax repayable	–	83	–	–
Amounts recoverable on contract	137	675	2	–
Other debtors	100	95	–	–
	<u>7,550</u>	<u>7,215</u>	<u>3,846</u>	<u>–</u>

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

19. Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	6,996	7,589	2,779	–
Amounts owed to group undertakings	757	503	255	–
Amounts owed to related parties	9	4	3	–
Accruals and deferred income	3,962	4,812	473	–
Corporation tax	203	–	–	–
Social security and other taxes	386	1,061	181	–
Other creditors	152	55	42	–
	<u>12,465</u>	<u>14,024</u>	<u>3,733</u>	<u>–</u>

20. Provisions

Group	Deferred tax (note 21) £000
At 1 April 2016	132
Charge against provision	(41)
At 31 March 2017	<u>91</u>
Company	Deferred tax (note 21) £000
At 1 April 2016	–
Charge against provision	24
At 31 March 2017	<u>24</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

21. Deferred tax

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Included in provisions (note 20)	<u>91</u>	<u>132</u>	<u>24</u>	<u>–</u>

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

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Accelerated capital allowances	<u>91</u>	<u>132</u>	<u>24</u>	<u>–</u>

22. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £119k (2016: £367k).

23. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>100</u>	<u>–</u>	<u>100</u>	<u>–</u>

24. Reserves

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

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

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Not later than 1 year	<u>–</u>	<u>200</u>	<u>–</u>	<u>–</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2017

26. Related party transactions

Group

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

Company

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

	Sales/recharges to related parties £000	Purchases/ recharges from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
2017	340	174	302	9
2016	234	172	308	4

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

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

27. Controlling party

The directors consider that the ultimate parent undertaking of this company is Henry Group (NI) Limited, a company incorporated in Northern Ireland.

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

Companies House
The Linenhall
32-38 Linenhall Street
Belfast

Henry Group (NI) Limited is under the control of its shareholders. As no one shareholder holds a majority of the shares the directors conclude that there is no ultimate controlling party.