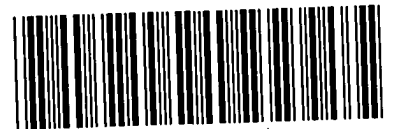


COMPANY REGISTRATION NUMBER: NI629986

HENRY BROTHERS LIMITED
FINANCIAL STATEMENTS
31 MARCH 2018

COMPANIES
27 JUN 2018
BELFAST

WEDNESDAY



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27/06/2018
COMPANIES HOUSE

Henry Brothers Limited

Financial statements

Year ended 31 March 2018

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Henry Brothers Limited

Officers and professional advisers

The board of directors	Mr D Henry Mr I Henry Mr N Henry Mrs J McKeown Mr A Reid Mr A Mitchell Mr J Gordon Mr P Mclean Mr I McCully Mr D Wallace Mr H Henry
Company secretary	Mr A Reid
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 2018

Introduction

The directors are pleased to present their strategic report for the year to 31 March 2018.

Principal activities

The principal activity of the group during the year was building and construction work. The principal activity of the company during the year was being a holding company and trading 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 2018

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 with debtors 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 are after accounting for bad and doubtful debts. 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.

GDPR and Cyber Security

GDPR, 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.

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.

Henry Brothers Limited

Strategic report *(continued)*

Year ended 31 March 2018

Financial key performance indicators

Key performance indicators used by the directors include turnover which has increased from £44.2m to £76.4m during the year and net profit for the year before taxation amounting to £2.2m (2017: £1.6m).

Gross margins at 7% (2017: 9%) remain satisfactory. The strong liquidity position is demonstrated by cash at bank of £22.6m (2017: £13.6m) with no bank loans or hire purchase, and a Current Ratio of 1.40 (2017: 1.78).

Awards

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

- 2018 Business In The Community (BITC) CORE Gold Standard;
- 2018 Considerate Constructor National Site Multi Award Winner;
- 2018 Payroll Giving Quality Award Silver;
- 2018 Irish News Workplace & Employment Awards, Workplace Wellbeing Award category, Finalist;
- 2018 Business In The Community (BITC) Responsible Business Awards in Northern Ireland, Environmental Leadership Award, Highly Commended;
- 2018 RICS Awards East Midlands Design through Innovation Category Winner;
- 2018 CN Awards 2018 Project of the Year (under £15m) Shortlisted Finalist;
- 2018 Business In The Community Responsible Business Awards – Shortlisted Finalists in: Wellbeing at Work Award; Education Award; Building Stronger Communities Award; NI Responsible Company of the Year;
- 2018 Belfast Telegraph Business Awards – Shortlisted Finalists in: Excellence in Corporate Social Responsibility; Excellence in the Development of Management & Leadership;
- 2018 East Midlands Celebrating Construction Awards Project of the Year Shortlisted Finalist;
- 2018 GO Awards NI Buy Social/Sustainable Procurement Award Finalist;
- 2017 Belfast Telegraph Business Awards, Excellence in Corporate Social Responsibility, Winner;
- 2017 NI Chamber of Commerce Awards 2017 Commitment to Employee Health & Wellbeing Highly Commended;
- 2017 NI Family Business Awards Commitment to the Community Highly Commended;
- 2017 RoSPA Awards 2017 Henry Brothers Midlands Gold Award;
- 2017 Freight Transport Association Van Excellence Operator Accreditation;
- 2017 Business In The Community Responsible Business Awards in Northern Ireland, Shortlisted Finalists in Environmental Leadership Award; NI Responsible Company of the Year;
- 2017 Family Friendly Employers Awards 2017 Large Private Sector Finalist;
- 2017 Considerate Constructor National Site Award Winner;

This report was approved by the board of directors on 22/06/18 and signed on behalf of the board by:



Mr A Reid
Company Secretary

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

Henry Brothers Limited

Directors' report

Year ended 31 March 2018

The directors present their report and the financial statements of the group for the year ended 31 March 2018.

Directors

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

Mr D Henry
Mr I Henry
Mr N Henry
Mrs J McKeown
Mr A Reid
Mr A Mitchell
Mr J Gordon
Mr P Mclean
Mr I McCully
Mr D Wallace
Mr H Henry
Mrs H Young (Resigned 21 November 2017)

Dividends

Particulars of recommended dividends are detailed in note 12 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 2018

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 re-appoint 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 22/06/18 and signed on behalf of the board by:



Mr A Reid
Company Secretary

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 2018

Opinion

We have audited the financial statements of Henry Brothers Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Henry Brothers Limited

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

Year ended 31 March 2018

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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Henry Brothers Limited

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

(continued)

Year ended 31 March 2018

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



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

22 June 2018

Henry Brothers Limited

Consolidated statement of comprehensive income

Year ended 31 March 2018

	Note	2018 £000	2017 £000
Turnover	4	76,361	44,183
Cost of sales		<u>70,761</u>	<u>40,275</u>
Gross profit		5,600	3,908
Administrative expenses		3,708	2,754
Other operating income	5	<u>97</u>	<u>275</u>
Operating profit	6	1,989	1,429
Other interest receivable and similar income	10	<u>164</u>	<u>159</u>
Profit before taxation		2,153	1,588
Tax on profit	11	<u>283</u>	<u>251</u>
Profit for the financial year and total comprehensive income		<u>1,870</u>	<u>1,337</u>

All the activities of the group are from continuing operations.

Henry Brothers Limited

Consolidated statement of financial position

31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	13	7,310	7,053
Current assets			
Stocks	15	779	1,046
Debtors	16	8,854	7,550
Cash at bank and in hand		22,613	13,597
		<u>32,246</u>	<u>22,193</u>
Creditors: Amounts falling due within one year	17	<u>22,870</u>	<u>12,465</u>
Net current assets		<u>9,376</u>	<u>9,728</u>
Total assets less current liabilities		<u>16,686</u>	<u>16,781</u>
Provisions	18	<u>126</u>	<u>91</u>
Net assets		<u>16,560</u>	<u>16,690</u>
Capital and reserves			
Share premium account	22	50	50
Profit and loss account	22	16,510	16,640
Shareholders funds		<u>16,560</u>	<u>16,690</u>

These financial statements were approved by the board of directors and authorised for issue on 22/06/18 and are signed on behalf of the board by:



Mr D Henry
Director

Company registration number: NI629986

Henry Brothers Limited

Company statement of financial position

31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	13	1,035	269
Investments	14	50	50
		<u>1,085</u>	<u>319</u>
Current assets			
Stocks	15	29	—
Debtors	16	6,646	3,846
Cash at bank and in hand		13,958	5,661
		<u>20,633</u>	<u>9,507</u>
Creditors: Amounts falling due within one year	17	<u>12,994</u>	<u>3,733</u>
Net current assets		<u>7,639</u>	<u>5,774</u>
Total assets less current liabilities		<u>8,724</u>	<u>6,093</u>
Provisions	18	84	24
Net assets		<u>8,640</u>	<u>6,069</u>
Capital and reserves			
Share premium account	22	50	50
Profit and loss account	22	8,590	6,019
Shareholders funds		<u>8,640</u>	<u>6,069</u>

The profit for the financial year of the parent company was £4,571,000 (2017: £7,019,000).

These financial statements were approved by the board of directors and authorised for issue on 22/06/18 and are signed on behalf of the board by:



Mr D Henry
Director

Company registration number: NI629986

Henry Brothers Limited

Consolidated statement of changes in equity

Year ended 31 March 2018

		Share premium account £000	Profit and loss account £000	Total £000
At 1 April 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	12	—	(1,000)	(1,000)
Total investments by and distributions to owners		—	(1,000)	(1,000)
At 31 March 2017		50	16,640	16,690
Profit for the year		—	1,870	1,870
Total comprehensive income for the year		—	1,870	1,870
Dividends paid and payable	12	—	(2,000)	(2,000)
Total investments by and distributions to owners		—	(2,000)	(2,000)
At 31 March 2018		<u>50</u>	<u>16,510</u>	<u>16,560</u>

Henry Brothers Limited

Company statement of changes in equity

Year ended 31 March 2018

		Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2016		50	–	50
Profit for the year		—	7,019	7,019
Total comprehensive income for the year		–	7,019	7,019
Dividends paid and payable	12	–	(1,000)	(1,000)
Total investments by and distributions to owners		–	(1,000)	(1,000)
At 31 March 2017		50	6,019	6,069
Profit for the year		—	4,571	4,571
Total comprehensive income for the year		–	4,571	4,571
Dividends paid and payable	12	–	(2,000)	(2,000)
Total investments by and distributions to owners		–	(2,000)	(2,000)
At 31 March 2018		<u>50</u>	<u>8,590</u>	<u>8,640</u>

Henry Brothers Limited

Consolidated statement of cash flows

Year ended 31 March 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	1,870	1,337
<i>Adjustments for:</i>		
Depreciation of tangible assets	433	600
Other interest receivable and similar income	(164)	(159)
Gains on disposal of tangible assets	(119)	(162)
Tax on profit	283	251
Accrued expenses/(income)	2,561	(850)
<i>Changes in:</i>		
Stocks	267	(95)
Trade and other debtors	(1,304)	(335)
Trade and other creditors	7,890	(912)
Cash generated from operations	<u>11,717</u>	<u>(325)</u>
Interest received	164	159
Tax paid	(294)	(89)
Net cash from/(used in) operating activities	<u>11,587</u>	<u>(255)</u>
Cash flows from investing activities		
Purchase of tangible assets	(920)	(368)
Proceeds from sale of tangible assets	349	190
Net cash used in investing activities	<u>(571)</u>	<u>(178)</u>
Cash flows from financing activities		
Dividends paid	(2,000)	(1,000)
Net cash used in financing activities	<u>(2,000)</u>	<u>(1,000)</u>
Net increase/(decrease) in cash and cash equivalents	9,016	(1,433)
Cash and cash equivalents at beginning of year	13,597	15,030
Cash and cash equivalents at end of year	<u>22,613</u>	<u>13,597</u>

Henry Brothers Limited

Notes to the financial statements

Year ended 31 March 2018

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.

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.

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. 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.

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.

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

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:

- Recoverability of debtors

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:

- Amounts recoverable on contracts, contract revenue and contract costs

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.

- Provisions

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 2018

3. 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.

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.

Defined contribution plans

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

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 2018

3. 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 2018

3. 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.

4. Turnover

Turnover arises from:

	2018 £000	2017 £000
Construction contracts	<u>76,361</u>	<u>44,183</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.

5. Other operating income

	2018 £000	2017 £000
Rental income	89	272
Other operating income	8	3
	<u>97</u>	<u>275</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible assets	433	600
Gains on disposal of tangible assets	<u>(119)</u>	<u>(162)</u>

7. Auditor's remuneration

	2018 £000	2017 £000
Fees payable for the audit of the financial statements	<u>19</u>	<u>19</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

8. Staff costs

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

	2018	2017
	No.	No.
Production staff	131	120
Administrative staff	52	37
	<u>183</u>	<u>157</u>

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

	2018	2017
	£000	£000
Wages and salaries	5,494	5,316
Social security costs	608	529
Other pension costs	136	119
	<u>6,238</u>	<u>5,964</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£000	£000
Remuneration	559	856
Company contributions to defined contribution pension plans	23	21
	<u>582</u>	<u>877</u>

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

	2018	2017
	£000	£000
Aggregate remuneration	99	97
Company contributions to defined contribution pension plans	4	3
	<u>103</u>	<u>100</u>

10. Other interest receivable and similar income

	2018	2017
	£000	£000
Interest on cash and cash equivalents	164	159

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

11. Tax on profit

Major components of tax expense

	2018 £000	2017 £000
Current tax:		
UK current tax expense	248	254
Other component of current tax expense (income)	—	38
Total current tax	<u>248</u>	<u>292</u>
Deferred tax:		
Origination and reversal of timing differences	35	(41)
Tax on profit	<u>283</u>	<u>251</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £000	2017 £000
Profit on ordinary activities before taxation	<u>2,153</u>	<u>1,588</u>
Profit on ordinary activities by rate of tax	409	317
Adjustment to tax charge in respect of prior periods	(9)	—
Effect of expenses not deductible for tax purposes	16	12
Fixed asset differences	19	7
Group relief	(149)	(85)
Impact of change in tax rate	(4)	—
Deferred tax not recognised	1	—
Tax on profit	<u>283</u>	<u>251</u>

12. Dividends

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

	2018 £000	2017 £000
Dividends paid	<u>2,000</u>	<u>1,000</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

13. Tangible assets

Group	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2017	7,903	1,136	51	1,169	10,259
Additions	222	139	139	420	920
Disposals	(199)	(68)	–	(133)	(400)
At 31 March 2018	7,926	1,207	190	1,456	10,779
Depreciation					
At 1 April 2017	1,659	778	14	755	3,206
Charge for the year	101	137	24	171	433
Disposals	–	(65)	–	(105)	(170)
At 31 March 2018	1,760	850	38	821	3,469
Carrying amount					
At 31 March 2018	6,166	357	152	635	7,310
At 31 March 2017	6,244	358	37	414	7,053
Company					
Cost					
At 1 April 2017	–	249	–	49	298
Additions	187	139	138	419	883
At 31 March 2018	187	388	138	468	1,181
Depreciation					
At 1 April 2017	–	23	–	6	29
Charge for the year	–	69	12	36	117
At 31 March 2018	–	92	12	42	146
Carrying amount					
At 31 March 2018	187	296	126	426	1,035
At 31 March 2017	–	226	–	43	269

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

14. Investments

The group has no investments.

Company	Shares in group £000
Cost	
At 1 April 2017 and 31 March 2018	<u>50</u>
Impairment	
At 1 April 2017 and 31 March 2018	<u>–</u>
Carrying amount	
At 1 April 2017 and 31 March 2018	<u>50</u>
At 31 March 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

15. Stocks

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Raw materials and consumables	29	26	29	–
Development properties held as stock	750	1,020	–	–
	<u>779</u>	<u>1,046</u>	<u>29</u>	<u>–</u>

16. Debtors

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	6,978	6,323	4,948	1,309
Amounts owed by group undertakings	437	323	575	2,466
Amounts owed by related parties	224	302	24	18
Prepayments and accrued income	106	365	80	51
Amounts recoverable on contract	735	137	735	2
Other debtors	374	100	284	–
	<u>8,854</u>	<u>7,550</u>	<u>6,646</u>	<u>3,846</u>

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

Henry Brothers Limited

Notes to the financial statements (continued)

Year ended 31 March 2018

17. Creditors: Amounts falling due within one year

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors	14,771	6,996	8,224	2,779
Amounts owed to group undertakings	285	757	204	255
Amounts owed to related parties	1	9	1	3
Accruals and deferred income	6,523	3,962	3,968	473
Corporation tax	157	203	11	–
Social security and other taxes	958	386	505	181
Other creditors	175	152	81	42
	<u>22,870</u>	<u>12,465</u>	<u>12,994</u>	<u>3,733</u>

18. Provisions

Group	Deferred tax (note 19) £000
At 1 April 2017	91
Charge against provision	35
At 31 March 2018	<u>126</u>
Company	Deferred tax (note 19) £000
At 1 April 2017	24
Charge against provision	60
At 31 March 2018	<u>84</u>

19. Deferred tax

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

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Included in provisions (note 18)	<u>126</u>	<u>91</u>	<u>84</u>	<u>24</u>

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

	Group		Company	
	2018 £000	2017 £000	2018 £000	2017 £000
Accelerated capital allowances	<u>126</u>	<u>91</u>	<u>54</u>	<u>24</u>

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £128,725 (2017: £111,812).

21. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>100</u>	<u>—</u>	<u>100</u>	<u>—</u>

22. 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.

23. 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
2018	197	69	224	1
2017	34	174	302	9

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.

Henry Brothers Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2018

24. 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.