

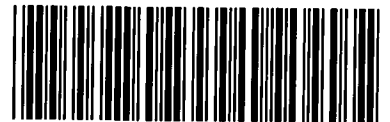
Registered number: 02763306

**JOHN HENRY GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2018**

WEDNESDAY



\*A7HP86SI\*

A27

31/10/2018

#277

COMPANIES HOUSE

**JOHN HENRY GROUP LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

Mr J Henry  
Mr J G Henry

**REGISTERED NUMBER**

02763306

**REGISTERED OFFICE**

The Mount  
The Sidings  
Station Road  
Longstanton  
Cambridge  
CB24 3DS

**BUSINESS ADDRESS**

The Mount  
The Sidings  
Station Road  
Longstanton  
Cambridge  
CB24 3DS

**INDEPENDENT AUDITORS**

Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

**BANKERS**

Lloyds TSB Bank Plc  
Black Horse House  
Castle Park  
Cambridge  
CB3 0AR

# JOHN HENRY GROUP LIMITED

## CONTENTS

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Independent Auditors' Report</b>	5 - 7
<b>Statement of Comprehensive Income</b>	8
<b>Balance Sheet</b>	9
<b>Statement of Changes in Equity</b>	10
<b>Notes to the Financial Statements</b>	11 - 22

# **JOHN HENRY GROUP LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2018**

### **INTRODUCTION**

The directors present their strategic report for the year ended 31 January 2018.

### **BUSINESS REVIEW**

The year saw significant growth with turnover increasing from £71.6m to £81.3m. This increase has been driven by geographic expansion following the award of new contracts from our key clients for fibre and broadband installations and associated civil engineering activities.

Operating profits increased from £0.3m to £2.1m. This reflects the consolidation of the group's operating activities from 1st Feb 2017 into two trading entities; John Henry Group Limited covering all aspects of the Group's telecommunications and civil engineering activities and John Henry & Sons (Plant Hire) Limited.

The operating profit for the year was adversely affected by a series of operational factors on a large programme of work with one major customer and the pressures on resources that are associated with the rapid expansion in activity. All work on the affected programme has now been completed and activity on the related workstream has ceased. The quality and depth of resources within the business has been strengthened to match the scale of ongoing levels of activity.

Whilst the financial results for the year have been impacted by the factors outlined above, the underlying performance of ongoing contracts has remained strong and provides a stable platform for the Group to move forward and achieve profitable growth in future years.

Going forward the company will be the group's main trading company within the telecommunication and civil engineering sector.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The companies's trading environment continues to be positive with an increasing number of opportunities for new business. All new opportunities are, and will continue to be, assessed before the Board proceeds to assess, manage and minimise any residual risks to the Group and to achieve profitable growth from the opportunities that the Group chooses to pursue.

The directors continue to take a "hands on" role across the business and this has been supplemented by the recruitment of new key individuals to support the business as it moves forward.

The recruitment of key individuals is ongoing and the directors are reviewing the business structure to ensure it is appropriate for the size and scale of the business going forward.

### **Accounting Controls**

The business operates a variety of accounting and control systems and as part of the ongoing growth of the business these are regularly reviewed by the directors to ensure their applicability to the growth in business volumes.

### **Information Technology**

Subsidiary operating companies operate a variety of internal works management systems and financial systems to support business activities and these are regularly reviewed by the Directors to ensure they meet the changing needs of the Group.

## JOHN HENRY GROUP LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

#### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

##### Competition

The business encounters competition from long standing competitors, regional players and new entrants and this has been the case for many years. The achievement of the increased turnover during the year is a positive indication, but this is not something that is taken for granted and is regularly under review by the directors. The competitive pressure for resource is ongoing and this is again being carefully reviewed.

##### Financial Risk

The key areas of financial risks associated with the Group's trading subsidiaries are primarily linked to the control of debtors and the management of WIP to levels that are commensurate with the levels of activity in the business and control of the operational and financial delivery of individual projects in line with expectations.

The Group ensures the credit worthiness of its customers to minimise the bad debt risk and there have been no concerns during the year. The levels of WIP are regularly reviewed and analysed by the Directors. During the year, additional management controls and processes have been put in place to achieve improvements within this area.

For large scale project work additional controls have been implemented to track performance at a more granular level and on a more frequent basis to ensure corrective action can be taken to mitigate issues if they arise.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators that are considered by the Directors to communicate the financial performance and strength of the company as a whole, are turnover, gross margin and net assets.

Turnover: Increased by 14% in the year from £71.6m to £81.3m in 2017/18

Gross Margin: This has decreased from 9.3% to 8.4% in 2017/18

Net Assets: These have increased from £3.3m to £5.1m in 2017/18

The increase in turnover and operating profit primarily represents the consolidation of group activities into John Henry Group Limited from 1st February 2017.

The Company has experienced a disappointing trading year, with one particular key programme of work performing well below expectations. The Directors have reviewed the issues that occurred and have addressed these with further recruitment of key individuals and implementation of additional controls for large scale project work.

This report was approved by the board on 31/10/18

and signed on its behalf.

  
Mr J G Henry  
Director

## **JOHN HENRY GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2018**

The directors present their report and the financial statements for the year ended 31 January 2018.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company continued to be that of civil engineers.

#### **DIRECTORS**

The directors who served during the year were:

Mr J Henry  
Mr J G Henry

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,784,314 (2017 - £265,438).

The director's do not recommend the payment of a dividend (2017 - £NIL).

#### **FUTURE DEVELOPMENTS & POST BALANCE SHEET EVENTS**

The Company plans to continue to grow across all business activities, capitalising on opportunities as deemed appropriate.

#### **EMPLOYEE INVOLVEMENT**

The company keeps employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company by a variety of methods including Director roadshows; quarterly video updates covering all key areas of the business; ad-hoc internal communications and an internal magazine published at least twice a year.

## JOHN HENRY GROUP LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

#### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### AUDITORS

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 31/10/18 and signed on its behalf.

.....  
Mr J G Henry  
Director

## JOHN HENRY GROUP LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN HENRY GROUP LIMITED

#### OPINION

We have audited the financial statements of John Henry Group Limited (the 'Company') for the year ended 31 January 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 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 January 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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.



## **JOHN HENRY GROUP LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN HENRY GROUP LIMITED (CONTINUED)**

#### **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

#### **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 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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## JOHN HENRY GROUP LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN HENRY GROUP LIMITED (CONTINUED)

#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

#### AUDITORS' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Cullen FCCA (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants

Statutory Auditors

Tennyson House

Cambridge Business Park

Cambridge

CB4 0WZ

Date: 31/10/2018

**JOHN HENRY GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2018**

	Note	2018 £	2017 £
Turnover	4	81,328,679	71,581,897
Cost of sales		(74,502,492)	(64,915,789)
<b>GROSS PROFIT</b>		<u>6,826,187</u>	<u>6,666,108</u>
Administrative expenses		(4,719,787)	(6,374,251)
Other operating income	5	-	50,000
<b>OPERATING PROFIT</b>	6	<u>2,106,400</u>	<u>341,857</u>
Interest receivable and similar income	10	-	979
Interest payable and expenses	11	(220,585)	-
<b>PROFIT BEFORE TAX</b>		<u>1,885,815</u>	<u>342,836</u>
Tax on profit	12	(101,501)	(77,398)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>1,784,314</u></u>	<u><u>265,438</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

**JOHN HENRY GROUP LIMITED**  
**REGISTERED NUMBER: 02763306**

**BALANCE SHEET**  
**AS AT 31 JANUARY 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	13	847,256	725,462
<b>CURRENT ASSETS</b>			
Stocks	14	2,693,630	1,876,567
Debtors: amounts falling due after more than one year	15	-	150,000
Debtors: amounts falling due within one year	15	39,598,443	35,858,830
Cash at bank and in hand	16	1,113,555	2,053,698
		<u>43,405,628</u>	<u>39,939,095</u>
Creditors: amounts falling due within one year	17	(39,135,594)	(37,325,055)
<b>NET CURRENT ASSETS</b>		4,270,034	2,614,040
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	19	(32,919)	(39,445)
<b>NET ASSETS</b>		<u>5,084,371</u>	<u>3,300,057</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	100	100
Profit and loss account	21	5,084,271	3,299,957
		<u>5,084,371</u>	<u>3,300,057</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**Mr J G Henry**  
 Director

The notes on pages 11 to 22 form part of these financial statements.

**JOHN HENRY GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 February 2017	100	3,299,957	3,300,057
Profit for the year	-	1,784,314	1,784,314
<b>AT 31 JANUARY 2018</b>	<b>100</b>	<b>5,084,271</b>	<b>5,084,371</b>

The notes on pages 11 to 22 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2017**

	Called up share capital £	Share based payment reserve £	Profit and loss account £	Total equity £
At 1 February 2016	100	290,360	2,598,979	2,889,439
Profit for the year	-	-	265,438	265,438
Share based payment transactions	-	145,180	-	145,180
Exercise of share options	-	(435,540)	-	(435,540)
Exercise of share options	-	-	435,540	435,540
<b>AT 31 JANUARY 2017</b>	<b>100</b>	<b>-</b>	<b>3,299,957</b>	<b>3,300,057</b>

The notes on pages 11 to 22 form part of these financial statements.

## **JOHN HENRY GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018**

#### **1. GENERAL INFORMATION**

John Henry Group Limited is a private company limited by shares incorporated in England and Wales, United Kingdom. The registered office is The Mount, The Sidings, Station Road, Longstanton, Cambridge, CB24 3DS. The principal activity of the company continued to be that of civil engineers.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are presented in sterling, which is the functional currency of the company.

The following principal accounting policies have been applied:

##### **2.2 CASH FLOW EXEMPTION**

The company is considered a qualifying entity for the purpose of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements which include the company and are intended to give a true and fair view.

The company is therefore exempt from the requirement to prepare a cash flow statement.

##### **2.3 TURNOVER**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

###### **Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## JOHN HENRY GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short leasehold improvements	- 10% per annum on a straight line basis
Plant and machinery	- 25% per annum on the reducing balance basis
Motor vehicles	- 25% per annum on the reducing balance basis
Fixtures and fittings	- 25% per annum on a straight line basis

### 2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

### 2.6 OPERATING LEASES: THE COMPANY AS LESSOR

Rentals income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

### 2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

### 2.9 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## JOHN HENRY GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.10 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

### 2.11 CREDITORS

Short term creditors are measured at the transaction price.

### 2.12 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.13 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Company so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 2.14 PENSIONS

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.15 HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

### 2.16 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.



## JOHN HENRY GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.17 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### 2.18 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises corporation and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## 3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make significant judgments, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated. 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 revision and future periods where the revision affects both current and future periods.

The items in the financial statements where these judgments and estimates have been made include considering the valuation and impairment of stock, work in progress and trade debtors.

JOHN HENRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018

4. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2018 £	2017 £
Rent received	-	50,000

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	288,705	85,233
Other operating lease rentals	532,603	270,418
Defined contribution pension cost	63,385	96,368

7. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	40,500	40,500

**JOHN HENRY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**8. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	13,573,486	6,355,823
Social security costs	1,368,950	630,168
Cost of defined contribution scheme	63,385	96,368
	<u>15,005,821</u>	<u>7,082,359</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Directors	2	2
Admin	20	18
Production	367	220
	<u>389</u>	<u>240</u>

**9. DIRECTORS' REMUNERATION**

	2018 £	2017 £
Directors' emoluments	<u>266,744</u>	<u>274,337</u>

The highest paid director received remuneration of £133,464 (2017 - £138,973).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2017 - £NIL).

**10. INTEREST RECEIVABLE**

	2018 £	2017 £
Other interest receivable	<u>-</u>	<u>979</u>

**JOHN HENRY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018**

**11. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018 £	2017 £
Bank interest payable	1,711	-
Other interest payable	218,874	-
	<u>220,585</u>	<u>-</u>

**12. TAXATION**

	2018 £	2017 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	144,534	-
Adjustments in respect of previous periods	(36,507)	-
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(6,526)	77,398
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>101,501</u>	<u>77,398</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
<i>Profit on ordinary activities before tax</i>	<u>1,885,815</u>	<u>342,836</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	358,305	68,567
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,476	146,569
Capital allowances for year in excess of depreciation	(9,460)	(22,199)
Adjustments to tax charge in respect of prior periods	(36,507)	-
Other timing differences leading to an increase (decrease) in taxation	1,220	2,289
Changes in provisions leading to an increase (decrease) in the tax charge	2,530	-
Tax deduction arising from exercise of employee options	-	(439,788)
Group relief	(219,537)	244,562
Deferred tax	(6,526)	77,398
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>101,501</u>	<u>77,398</u>

JOHN HENRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018

12. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

13. TANGIBLE ASSETS

	Land and buildings £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
<b>COST</b>					
At 1 February 2017	83,456	1,054,307	300,104	389,551	1,827,418
Additions	61,425	201,199	2,850	159,267	424,741
Disposals	-	-	(112,152)	-	(112,152)
At 31 January 2018	144,881	1,255,506	190,802	548,818	2,140,007
<b>DEPRECIATION</b>					
At 1 February 2017	71,480	654,135	161,411	214,930	1,101,956
Charge for the year on owned assets	4,556	137,256	56,294	90,599	288,705
Disposals	-	-	(97,910)	-	(97,910)
At 31 January 2018	76,036	791,391	119,795	305,529	1,292,751
<b>NET BOOK VALUE</b>					
At 31 January 2018	68,845	464,115	71,007	243,289	847,256
At 31 January 2017	11,976	400,172	138,693	174,621	725,462

14. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	2,693,630	1,876,567

In the opinion of the directors, any difference between book value and replacement cost is not material.

JOHN HENRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018

15. DEBTORS

	2018 £	2017 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Trade debtors	-	150,000
	<u>-</u>	<u>150,000</u>

	2018 £	2017 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	25,276,957	25,101,702
Amounts owed by group undertakings	13,408,563	10,610,164
Other debtors	126,793	52,443
Prepayments and accrued income	72,587	55,273
Corporation tax recoverable	713,543	39,248
	<u>39,598,443</u>	<u>35,858,830</u>

16. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	<u>1,113,555</u>	<u>2,053,698</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	6,154,076	6,362,447
Amounts owed to group undertakings	27,931,883	27,262,287
Other taxation and social security	752,882	1,623,377
Other creditors	192,280	112,339
Accruals and deferred income	4,104,473	1,964,605
	<u>39,135,594</u>	<u>37,325,055</u>

JOHN HENRY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2018

18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	1,113,555	2,053,698
Financial assets that are debt instruments measured at amortised cost	38,812,313	35,914,309
	<u>39,925,868</u>	<u>37,968,007</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(34,278,239)	(33,737,073)

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

19. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	(39,445)	52,798
Charged to the profit or loss	6,526	(77,398)
Transfers intra group	-	(14,845)
<b>AT END OF YEAR</b>	<u>(32,919)</u>	<u>(39,445)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(32,919)	(100,235)
Pension liability	-	4,325
Share based payment transactions	-	56,465
	<u>(32,919)</u>	<u>(39,445)</u>

# JOHN HENRY GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

### 20. SHARE CAPITAL

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100

### 21. RESERVES

#### Profit & loss account

Includes all current and prior period retained profits and losses less any dividends paid.

### 22. CONTINGENT LIABILITIES

Intercompany bank guarantees have been given in favour of John Henry & Sons (Developments) Limited and its subsidiaries. Security is held on all property and assets of the company.

The company has provided security over the loan notes within fellow group company Shamrock Midco Limited. Security is held over all property and assets of the company.

### 23. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £63,385 (2017 - £96,368). Contributions totalling £34,943 (2017 - £21,626) were payable to the fund at the balance sheet date and are included in other creditors.

### 24. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	265,000	266,984
Later than 1 year and not later than 5 years	618,333	883,333
	<u>883,333</u>	<u>1,150,317</u>



## JOHN HENRY GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

#### 25. RELATED PARTY TRANSACTIONS

During the year the company made sales of £109,978 (2017 - £659,662), to Cardinalis Developments Limited, a company owned by the directors and their family.

During the year the company made purchases of £393,038 (2017 - £199,903), from Cardinalis Developments Limited, a company owned by the directors and their family.

The amount due to Cardinalis Developments Limited at the year end was £296,349 (2017 from - £9,356).

During the year the company made property rental payments of £185,000 (2017 - £185,000), to a SIPP, that has been set up by the directors.

No amounts were due to the SIPP at the year end (2017 - £NIL).

The company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies.

The gross remuneration of key management and personnel is £546,744 (2017 - £711,298).

#### 26. CONTROLLING PARTY

The immediate holding company is John Henry & Sons (Holdings) Limited, a company incorporated in England and Wales.

The ultimate holding company is Shamrock Topco Limited, a company incorporated in England and Wales.

Copies of its group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.