

# **Hargreaves Construction Company Limited**

## **Directors' Report and Financial Statements**

**Year Ended 24 December 2019**

**Company Registration No. 07439938 (England and Wales)**



# Hargreaves Construction Company Limited

## Company Information

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**Directors**

J Hazelwood  
R R Andrew  
A N Skinner

**Secretary**

N Cottle

**Company number**

07439938

**Registered office**

Kingston Manor  
Kingston Gorse  
West Sussex  
BN16 1RR

**Business address**

Rustington House  
Worthing Road  
Rustington  
West Sussex  
BN16 3PS

**Auditors**

Kreston Reeves LLP  
Springfield House  
Springfield Road  
Horsham  
West Sussex  
RH12 2RG

# Hargreaves Construction Company Limited

## Contents

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<b>Directors' report</b>	.....	<b>1</b>
<b>Independent auditors' report</b>	.....	<b>3</b>
<b>Statement of income and retained earnings</b>	.....	<b>4</b>
<b>Balance sheet</b>	.....	<b>5</b>
<b>Notes to the financial statements</b>	.....	<b>6</b>

# Hargreaves Construction Company Limited

## Directors' Report Year ended 24 December 2019

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The directors present their report and the financial statements for the year ended 24 December 2019.

### Directors

The following directors have held office since 25 December 2018.

R Andrew (resigned 16 October 2020)

J Hazelwood

R R Andrew

A N Skinner (appointed 11 September 2020)

### Directors' responsibilities statement

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

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

In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

### Principal activities, business review and future developments

The company's principal business activity is to procure construction works required by other companies in the Hargreaves Group. During the previous year the company substantially reduced this activity. The company will continue to be active at a lower level in the immediate future, mainly for the purposes of clearing down balances held such as retentions.

# Hargreaves Construction Company Limited

## Directors' Report

Year ended 24 December 2019

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### Auditors

All the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Kreston Reeves LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next directors' meeting.

In preparing this report, the directors have taken advantage of the small companies' exemption of section 415A of the Companies Act 2006.

On behalf of the board

R R ANDREW

Director

Date:



16<sup>th</sup>

November 2020

# Hargreaves Construction Company Limited

## Independent Auditor's Report to the Members of Hargreaves Construction Company Limited

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### Opinion

We have audited the financial statements of Hargreaves Construction Company Limited (the 'company') for the year ended 24 December 2019 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, 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 24 December 2019, and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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.

### 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 auditor's 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.

### 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# Hargreaves Construction Company Limited

## Independent Auditor's Report to the Members of Hargreaves Construction Company Limited - continued

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Use of our report

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



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Graham Hunt BA FCA (Senior Statutory Auditor)

For and on behalf of Kreston Reeves LLP, Statutory Auditor  
Horsham

Date: 20 November 2020

# Hargreaves Construction Company Limited

## Statement of Income and Retained Earnings Year ended 24 December 2019

	Notes	2019 £	2018 £
Turnover		7,299	533,010
Cost of sales		1,204	(503,186)
<b>Gross profit</b>		<b>8,503</b>	<b>29,824</b>
Administrative expenses		(2,500)	(10,000)
<b>Operating profit</b>		<b>6,003</b>	<b>19,824</b>
Interest receivable and similar income		-	640
<b>Profit on ordinary activities before taxation</b>		<b>6,003</b>	<b>20,464</b>
Taxation on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>		<b>6,003</b>	<b>20,464</b>
Opening retained earnings		339,235	318,771
Dividends paid		-	-
<b>Closing retained earnings</b>		<b>345,238</b>	<b>339,235</b>

There was no other comprehensive income for the year (2018: £nil), other than that reported above, all of which relates to the continuing activities of the company.

The notes on pages 7 to 11 form part of these financial statements.



# Hargreaves Construction Company Limited

## Balance Sheet As at 24 December 2019

Company number 07439938

		2019	2018
	Notes	£	£
<b>Current assets</b>			
Inventories		487,876	318,499
Debtors	6	327,362	572,214
		<u>815,238</u>	<u>890,713</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(411,900)</u>	<u>(490,378)</u>
<b>Net current assets</b>		403,338	400,335
<b>Provisions for liabilities and charges</b>	8	(58,000)	(61,000)
<b>Net assets</b>		<u>345,338</u>	<u>339,335</u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account		345,238	339,235
<b>Shareholders' funds</b>		<u>345,338</u>	<u>339,335</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities, and were approved and authorised for issue by the Board on 16<sup>th</sup> November 2020.

R R ANDREW

Director

The notes on pages 7 to 11 form part of these financial statements.

# Hargreaves Construction Company Limited

## Notes to the Financial Statements Year ended 24 December 2019

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### 1 General information

Hargreaves Construction Company Limited is a company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office and principal place of business is given on the company information page.

### 2 Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland, including Section 1A - small entities ("FRS 102"), and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention.

The financial statements are presented in 'sterling', which is the functional currency of the company and all amounts are rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

#### 2.2 Revenue

Turnover represents construction charges receivable during the year excluding VAT and arising wholly within the United Kingdom. Construction charges are recognised during the year once practical completion has been achieved.

#### 2.3 Expenditure

Costs directly attributable to specific construction projects are charged to profit or loss as cost of sales on an accruals basis.

Costs not directly attributable to specific construction projects are charged to profit or loss as administrative expenditure.

#### 2.4 Inventories

Works in progress at the end of the period are carried forward as inventories and valued at direct cost plus attributable overheads, or net realisable value if lower. Net realisable value is determined by the directors.

The carrying value of inventories is written down to their net realisable value where appropriate.

#### 2.5 Long term contracts

Long term contract work in progress is stated in the balance sheet at total costs incurred, net of amounts transferred to profit or loss in respect of work carried out to the balance sheet date. Full provision is made for any foreseeable losses.

Revenue which relates to work carried out to the balance sheet date including an appropriate proportion of foreseeable profit, is included in turnover. The amount by which turnover exceeds payments on account is classified within debtors and disclosed as 'amounts recoverable on long term contracts'.

# Hargreaves Construction Company Limited

## Notes to the Financial Statements Year ended 24 December 2019

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### 2.6 Financial instruments

The company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Basic debt instruments are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment, which, if found, is recognised as an impairment loss in profit or loss.

### 2.7 Debtors

Debtors receivable within one year and with no stated interest rate are initially recognised at the transaction price.

### 2.8 Creditors

Creditors payable within one year and with no stated interest rate are initially recognised at the transaction price.

### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, 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 tax charge is the tax payable or receivable in respect of taxable profit for the current and previous reporting period. The 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 represents future tax consequences of items recognised in the current and previous periods. Timing differences are differences between taxable profit and total comprehensive income as stated in the financial statements.

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;
- 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.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, or that are expected to apply at the date of reversal of the timing difference.

# Hargreaves Construction Company Limited

## Notes to the Financial Statements Year ended 24 December 2019

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### 2.10 Dividends

Equity dividends are recognised when paid.

### 2.11 Provisions

Provisions are recognised when the company has a legal or constructive obligation at the reporting date, as a result of a past event, and it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are recognised at a best estimate of the amount required to settle the obligation at the reporting date.

### 2.12 Going concern

As an ongoing part of the management of the affairs of the company, detailed forecasts and projections are prepared. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, in the opinion of the directors, these financial statements may validly be prepared on a going concern basis.

## 3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make estimates, judgements and assumptions when accounting for individual entries in accordance with stated accounting policies. These decisions are made at the time the financial statements are prepared and approved and are based on experience and knowledge of the detailed facts, taking a reasonable view at the time. Actual results could differ from these estimates and judgements, in which case any variance is reflected within the accounting records once it becomes apparent. Information about such judgements and estimation is contained in the accounting policies or the notes to the financial statements and the key areas are summarised below.

### Inventories

Inventories consisting of construction projects are held at the lower of cost or net realisable value. In determining the company's inventory valuation, a review is carried out annually by the directors, where judgements and estimates are made, with reference to market conditions, about the realisable value and costs to complete and realise.

### Provision for remedial works

The provision is in respect of remedial works to houses built over the last ten years. This is calculated and reviewed annually by the directors. Calculation of this provision requires judgements to be made based on estimated costs of such remedial works.

## 4 Employees

There were no employees during the year apart from the directors. There were no emoluments paid to the directors in the current or previous year.

# Hargreaves Construction Company Limited

## Notes to the Financial Statements Year ended 24 December 2019

5	<b>Taxation on profit on ordinary activities</b>	<b>2019 £</b>	<b>2018 £</b>
	<b>Corporation tax</b>		
	Current tax on profits for the year	-	-
	<b>Total current tax</b>	-	-
	Taxation on profit on ordinary activities	-	-

### Factors affecting tax charge for the year

The tax charge for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	<b>2019 £</b>	<b>2018 £</b>
Profit on ordinary activities before tax	6,003	20,464
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	1,141	3,888
<i>Effect of:</i>		
Group relief claimed	(1,141)	(3,888)
Total tax charge for the year	-	-

6	<b>Debtors</b>	<b>2019 £</b>	<b>2018 £</b>
	Amounts owed by group undertakings	326,914	571,766
	Other debtors	448	448
		327,362	572,214

7	<b>Creditors: amounts falling due within one year</b>	<b>2019 £</b>	<b>2018 £</b>
	Trade creditors	100,283	169,975
	Amounts owed to group undertakings	276,057	278,057
	Other creditors	3,220	3,220
	Accruals and deferred income	32,340	39,126
		411,900	490,378

# Hargreaves Construction Company Limited

## Notes to the Financial Statements Year ended 24 December 2019

8 Provisions for liabilities and charges	2019 £	2018 £
<b>Provision for remedial works</b>		
Balance at 25 December 2018	61,000	68,000
Decrease in provision	(3,000)	(7,000)
Balance at 24 December 2019	<u>58,000</u>	<u>61,000</u>

This provision is in respect of remedial works to houses built over the last ten years, the amount per house being based on previous costs of such remedial works.

9 Share capital	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 10 Ultimate parent company

The immediate parent of the company is Hargreaves Group Holdings Limited. The UK parent of the largest and smallest group financial statements that consolidate the company is Hargreaves Property Holdings Limited which is registered in England and Wales, whose registered office is, Kingston Manor, Kingston Gorse, West Sussex, BN16 1RR. These group financial statements are available to the public from Companies House. The ultimate parent company is Hargreaves Property Holdings (2015) Limited which is registered in Guernsey.

### 11 Post balance sheet event

In light of the Covid-19 pandemic, the Directors have concluded, notwithstanding potential wide ranging effects on a variety of markets, that it is too early to form a reasonable conclusion as to potential effect on the construction market and inventory values in particular, and will continue to monitor the situation on an ongoing basis. Estimated inventory values based on prevailing information as at 24th December 2019, have been used to assess net realisable values, as would be the normal approach.

### 12 Related party transactions

Included within turnover is an amount of £5,634 (2018: £19,758) in respect of construction works carried out for Kentcoast Ltd, a company of which J Hazelwood and R R Andrew are directors and a credit of £6,086 (2018: £nil) in respect of construction work carried out for the Hargreaves Construction Company Limited 1984 Pension Scheme.

The company is a wholly owned subsidiary of Hargreaves Property Holdings (2015) Limited and has taken advantage of the exemption conferred by the provisions of FRS 102 Section 1A - small entities, not to disclose transactions with Hargreaves Property Holdings (2015) Limited or wholly owned subsidiaries within the group.