

**Company Registration Number 2616280**

**WILLIAM HARE GROUP LIMITED  
AND SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

THURSDAY



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COMPANIES HOUSE  
Page 1

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

**OFFICERS AND PROFESSIONAL ADVISERS**

**YEAR ENDED 31 DECEMBER 2014**

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**The board of directors**

J Hodgkiss  
DMW Hodgkiss OBE BA (Hons)  
Ms SK Hodgkiss CBE DL  
CD Evans BSc MSc  
TG Haughey  
PM Norris FCCA

**Company secretary**

PM Norris FCCA

**Registered office**

Brandlesholme House  
Brandlesholme Road  
Bury  
Lancashire  
BL8 1JJ

**Auditor**

Horsfield & Smith  
Chartered Accountants  
& Registered Auditor  
Tower House  
269 Walmersley Road  
Bury  
Lancashire  
BL9 6NX

**Bankers**

Lloyds Bank plc  
Park Row  
Leeds  
LS1 1NX

## WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

### THE STRATEGIC REPORT

#### YEAR ENDED 31 DECEMBER 2014

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The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2014.

#### REVIEW OF THE BUSINESS

The principal activity of the company during the year was to act as a holding company and to provide management services to the William Hare Group of companies.

The group's principal activities remain the engineering, fabrication and erection of structural steelwork and manufactured products, both in the UK and overseas.

#### RESULTS, PERFORMANCE AND FUTURE DEVELOPMENTS

The trading results for the year, and the group's financial position at the end of the year, are shown in the enclosed financial statements.

The group's key financial performance indicators for the year ended 31 December 2014 are summarised below:

	2014 £'m	2013 £'m
Group Turnover	165.5	157.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	6.3	5.2
<i>EBITDA margin %</i>	3.8%	3.3%
Net Assets	44.3	43.9
Average number of employees	1,738	1,741

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The directors are pleased to report a group turnover of £165.5m (2013: £157.5m) and EBITDA of £6.3m for the year ended 31 December 2014, which represents an EBITDA/Turnover margin of 3.8%. The directors are pleased to report a continuation of the recent years' improvements with the financial performance of the company. Market conditions remain challenging in the sectors that the business operates within; however the business is committed to a programme of continuous improvement in all areas, which is delivering growth as can be seen in the financial results.

The group has a strong balance sheet, a healthy order book, substantial headroom against banking and insurance guarantee facilities and net cash. The directors believe this places the business in a strong position to endure any market conditions and to capitalise on the steady market recovery.

The group is continuing with the investment programme across all facilities, to replace and improve its resources to ensure that it maintains competitive advantages. In addition, this investment will support margin growth and enable the business to continue to work in a safe and responsible manner taking into account social, sustainability and environmental factors.

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## WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

### THE STRATEGIC REPORT *(continued)*

#### YEAR ENDED 31 DECEMBER 2014

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The directors regard the international diversification of the group, its family ownership, its well established reputation and its robust financial position to be among its core strengths. The group will continue to use these strengths to benefit from opportunities in its key sectors and geographical markets as the global economy recovers.

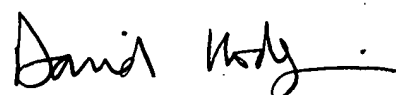
As always, the board would like to express their appreciation for the efforts that continue to be made by all staff whom have again shown great loyalty and dedication.

#### RISKS AND UNCERTAINTIES

The management of risk is integral to the ongoing success of the group and the directors have put in place rigorous risk assessment and control procedures across all areas of the business in order to identify, evaluate and manage risk. The principal risks are:

- **Estimating Risk** The management and reporting of contractual commitments, relating to the cost and duration of financial commitments.
- **Competitor Risk** The group operates in a highly competitive environment with a focus on ongoing innovation and severe pricing pressure.
- **Performance Risk** The management and ongoing reporting of actual and forecast performance on projects against contractual commitments.
- **Credit Risk** Financial exposure to non-payment in respect of contractual entitlements by customers. The group maintains its low risk financial management policy by insuring all significant trade debtors.
- **Supplier Risk** The management of risks relating to the performance and financial stability of suppliers and its potential detrimental impact on the group's performance.
- **Treasury and Foreign Exchange Risk** The risk associated with the volatility in foreign exchange rates relative to sterling and the US dollar, and its potential impact on the profitability of the group. The group seeks to reduce its exposure to foreign exchange fluctuations in order to maintain the projected level of profit on contracts by taking out forward foreign exchange contracts to convert into sterling at the expected date of receipt.

Signed on behalf of the directors



DMW Hodgkiss OBE BA (Hons)

Approved by the directors on 30 April 2015

Director

## **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

### **THE DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2014**

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#### **RESULTS AND DIVIDENDS**

The trading results for the year, and the group's financial position at the end of the year, are shown in the enclosed financial statements.

The directors have declared an unchanged dividend level of 553.74 pence per ordinary share in respect of the year ended 31 December 2014 (2013: 553.74 pence) and 4.2 pence per preference share in respect of the year ended 31 December 2014 (2013: 4.2 pence).

#### **THE DIRECTORS AND THEIR INTERESTS**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

		At 31 December 2014	At 1 January 2014
	<b>Class of share</b>		
J Hodgkiss	Ordinary	6,926	6,926
DMW Hodgkiss BA (Hons)	Ordinary	2,328	3,578
	Preference	3,708	4,208
Ms SK Hodgkiss CBE DL	Ordinary	3,502	3,502
	Preference	4,250	4,250
CD Evans BSc MSc			
TG Haughey			
PM Norris FCCA			

#### **DISABLED EMPLOYEES**

Employee development appropriate to the needs of the business is encouraged, as is the provision to employees of information on the objectives and progress of the group.

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers within the group. Training, career development and promotion of disabled employees is, as far as possible, identical to that of other employees.

#### **EMPLOYEE INVOLVEMENT**

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

## **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

### **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

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#### **RESEARCH AND DEVELOPMENT**

The identification and development of new technology and solutions, along with the improvement of existing processes plays an important role in the group's strategy to improve quality and performance.

Signed on behalf of the directors



DMW Hodgkiss OBE BA (Hons)  
Director

Approved by the directors on 30 April 2015

## **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 31 DECEMBER 2014**

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The directors are responsible for preparing 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 group and parent company 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 of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explored 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 may differ from legislation in other jurisdictions.

Signed on behalf of the directors



Approved by the directors on 30 April 2015

DMW Hodgkiss OBE BA (Hons)  
Director





**WILLIAM HARE GROUP LIMITED  
AND SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REPORT TO THE  
SHAREHOLDERS OF WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

**YEAR ENDED 31 DECEMBER 2014**

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We have audited the financial statements of William Hare Group Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group and parent company Balance Sheets, Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;



**WILLIAM HARE GROUP LIMITED  
AND SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REPORT TO THE  
SHAREHOLDERS OF WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**  
*(continued)*

**YEAR ENDED 31 DECEMBER 2014**

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- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion 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.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept 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.

PETER NICOL BSc FCA  
(Senior Statutory Auditor)  
For and on behalf of  
HORSFIELD & SMITH  
Chartered Accountants  
& Statutory Auditor

Tower House  
269 Walmersley Road  
Bury  
Lancashire  
BL9 6NX

30 April 2015

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES****GROUP PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
<b>GROUP TURNOVER</b>	2	165,490	157,520
Cost of sales		(140,341)	(134,179)
<b>GROSS PROFIT</b>		25,149	23,341
Administrative expenses		(21,512)	(20,778)
<b>OPERATING PROFIT</b>	3	3,637	2,563
Interest receivable	6	11	39
Interest payable and similar charges	7	(464)	(719)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,184	1,883
Tax on profit on ordinary activities	8	(703)	(397)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		2,481	1,486
Minority Interests		-	(142)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	9	2,481	1,344

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2014 £000	2013 £000
Profit for the financial year	2,481	1,344
Surplus on revaluation	-	568
Currency translation differences on foreign currency net investments	451	(249)
<b>Total gains recognised since the last annual report</b>	<b>2,932</b>	<b>1,663</b>

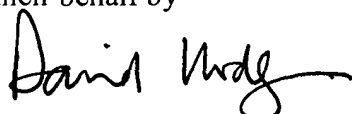
There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 15 to 29 form part of these financial statements.

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES****GROUP BALANCE SHEET****AS AT 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Intangible assets	11	1,298	1,437
Tangible assets	12	19,706	19,297
		<b>21,004</b>	<b>20,734</b>
<b>CURRENT ASSETS</b>			
Stocks	14	34,099	36,221
Debtors	15	36,164	33,322
Cash at bank and in hand		8,461	-
		<b>78,724</b>	<b>69,543</b>
<b>CREDITORS: Amounts falling due within one year</b>	16	<b>54,154</b>	<b>45,153</b>
<b>NET CURRENT ASSETS</b>		<b>24,570</b>	<b>24,390</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>45,574</b>	<b>45,124</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	17	<b>624</b>	<b>704</b>
		<b>44,950</b>	<b>44,420</b>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	19	321	167
Other provisions	20	343	393
		<b>44,286</b>	<b>43,860</b>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	23	35	35
Other reserves	24	2,184	1,733
Revaluation reserves	24	3,245	3,245
Profit and loss account	24	38,822	36,480
<b>SHAREHOLDERS' FUNDS</b>	25	<b>44,286</b>	<b>41,493</b>
<b>MINORITY INTERESTS : Equity</b>		-	1,944
Non Equity		-	423
		<b>44,286</b>	<b>43,860</b>

These financial statements were approved by the directors on 30 April 2015 and are signed on their behalf by



DMW Hodgkiss OBE BA (Hons), Director  
Company Registration Number: 2616280

The notes on pages 15 to 29 form part of these financial statements.

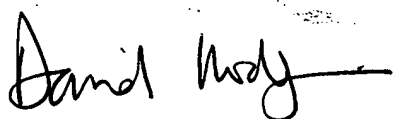
# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## COMPANY BALANCE SHEET

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Investments	13	4,408	2,334
<b>CURRENT ASSETS</b>			
Debtors	15	2,604	3,264
<b>CREDITORS: Amounts falling due within one year</b>	16	6,960	5,550
<b>NET CURRENT LIABILITIES</b>		(4,356)	(2,286)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		52	48
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	23	35	35
Profit and loss account	24	17	13
<b>SHAREHOLDERS' FUNDS</b>		52	48

These financial statements were approved by the directors on 30 April 2015 and are signed on their behalf by



DMW Hodgkiss OBE BA (Hons), Director  
Company Registration Number: 2616280

The notes on pages 15 to 29 form part of these financial statements.

# **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

## **GROUP CASH FLOW STATEMENT**

**YEAR ENDED 31 DECEMBER 2014**

	2014 £000	2013 £000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>19,699</b>	<b>(2,844)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	11	39
Interest paid	(584)	(593)
Interest element of hire purchase	(51)	(39)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(624)</b>	<b>(593)</b>
<b>TAXATION</b>	<b>(494)</b>	<b>(120)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Payments to acquire tangible fixed assets	(3,057)	(2,148)
Payments to acquire intangible fixed assets	-	(413)
Receipts from sale of fixed assets	345	258
Payments to increase holding in subsidiary undertakings	(2,497)	-
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(5,209)</b>	<b>(2,303)</b>
<b>EQUITY DIVIDENDS PAID</b>	<b>(139)</b>	<b>(139)</b>
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>13,233</b>	<b>(5,999)</b>
<b>FINANCING</b>		
Increase / (Repayment) of bank loans	84	(1,222)
Capital element of hire purchase	43	274
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>	<b>127</b>	<b>(948)</b>
<b>INCREASE/(DECREASE) IN NET CASH</b>	<b>13,360</b>	<b>(6,947)</b>

The notes on pages 15 to 29 form part of these financial statements.

# **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

## **GROUP CASH FLOW STATEMENT** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

### **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Operating profit	<b>3,637</b>	<b>2,563</b>
Amortisation	<b>269</b>	<b>109</b>
Depreciation	<b>2,424</b>	<b>2,479</b>
Loss/(profit) on disposal of fixed assets	<b>40</b>	<b>(83)</b>
Decrease/(increase) in stocks	<b>3,077</b>	<b>(3,524)</b>
(Increase)/decrease in debtors	<b>(1,957)</b>	<b>1,838</b>
Increase/(decrease) in creditors	<b>12,835</b>	<b>(6,399)</b>
(Decrease)/increase in provisions	<b>(62)</b>	<b>108</b>
Other adjustments	<b>(564)</b>	<b>65</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19,699</b>	<b>(2,844)</b>

### **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Increase/(decrease) in net cash in the period resulting from cash flows	<b>13,360</b>	<b>(6,947)</b>
Net cash (inflow)/outflow in respect of bank loans	<b>(84)</b>	<b>1,222</b>
Cash inflow in respect of hire purchase	<b>(43)</b>	<b>(274)</b>
<b>Change in net funds/(debt) resulting from cash flows</b>	<b>13,233</b>	<b>(5,999)</b>
<b>Exchange differences</b>	<b>(55)</b>	<b>(158)</b>
<b>Change in net funds/(debt)</b>	<b>13,178</b>	<b>(6,157)</b>
<b>Net debt at 1 January</b>	<b>(8,158)</b>	<b>(2,001)</b>
<b>Net funds/(debt) at 31 December</b>	<b>5,020</b>	<b>(8,158)</b>

The notes on pages 15 to 29 form part of these financial statements.

# **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

## **GROUP CASH FLOW STATEMENT** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

### **ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)**

	At 1 Jan 2014 £000	Exchange Differences £000	Cash flows £000	At 31 Dec 2014 £000
Net cash:				
Cash in hand and at bank	-	66	8,395	8,461
Bank overdraft	(4,965)	-	4,965	-
	(4,965)	66	13,360	8,461
Debt:				
Debt due within 1 year	(1,956)	(121)	(84)	(2,161)
Hire purchase agreements	(1,237)	-	(43)	(1,280)
	(3,193)	(121)	(127)	(3,441)
<b>Net funds/(debt)</b>	<b>(8,158)</b>	<b>(55)</b>	<b>13,233</b>	<b>5,020</b>

The notes on pages 15 to 29 form part of these financial statements.



## **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

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#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over a maximum of twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

##### **Turnover**

The turnover shown in the profit and loss account represents amounts recognised during the year, exclusive of Value Added Tax.

##### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

##### **Tangible assets**

All fixed assets are initially recorded at cost. It is the group's policy to revalue its land and buildings in accordance with FRS15.

##### **Intangible assets**

Acquired intellectual property is initially measured at cost and is amortised on a straight-line basis over its estimated useful life – 20% per annum.

##### **Development costs**

Development costs are capitalised when the directors consider there will be an on-going benefit to the group. The costs are amortised over five to twenty years, with appropriate impairment reviews.

## **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

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#### **1. ACCOUNTING POLICIES** *(continued)*

##### **Depreciation**

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

Freehold property - 2%

Leasehold property - 2%

Plant & machinery - 10% - 50%

Other assets – 15% - 30%

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Profit recognition on contracts**

Profit is taken on contracts as work progresses once the final outcome can be assessed with reasonable certainty. The profit included in the accounts reflects the proportion of work carried out by the year end. Full provision is made for losses on all contracts in the year in which they are foreseen.

##### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate.

##### **Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

##### **Pension costs and other post-retirement benefits**

Companies within the group operate defined contribution schemes for employees. The assets of the schemes are held separately from those of the sponsoring companies. The annual contributions payable to defined contribution pension schemes are charged to the profit and loss account.

## **WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

### **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

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#### **1. ACCOUNTING POLICIES** *(continued)*

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit. Movements on net investments in subsidiaries are taken to reserves.

##### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **2. TURNOVER**

Turnover represents the recognised value of goods sold and services provided, less credits, stated net of value added tax and is attributable to the principal activities of the group, being the engineering, fabrication and erection of structural steelwork and manufactured products.

The directors consider that it is not in the group's interests to give a detailed analysis of turnover geographically area by area.

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### YEAR ENDED 31 DECEMBER 2014

#### 3. OPERATING PROFIT

Operating profit is stated after charging:

	2014 £000	2013 £000
Amortisation	269	109
Depreciation of owned fixed assets	2,164	2,227
Depreciation of assets held under hire purchase agreements	260	252
Auditors' remuneration		
- as auditors	5	5
- for other services	94	107

#### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2014 No	2013 No
Office and management staff	184	180
Technical services staff	494	461
Manufacturing and installation staff	1,060	1,100
	1,738	1,741

The aggregate payroll costs of the above were:

	2014 £000	2013 £000
Wages and salaries	32,900	31,885
Social security costs	2,809	2,537
Other pension costs	1,120	1,039
	36,829	35,461

The average number of staff employed is split 567 (2013: 574) in the United Kingdom and 1,171 (2013: 1,167) in the rest of the world.

#### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2014 £000	2013 £000
Emoluments receivable	2,557	1,732

Emoluments of highest paid director:

	2014 £000	2013 £000
Total emoluments (excluding pension contributions)	991	596
Pension contributions	-	-
Total emoluments	991	596

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2014****5. DIRECTORS' EMOLUMENTS** *(Continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No</b>	<b>No</b>
Defined contribution schemes	<b>2</b>	<b>2</b>

**6. INTEREST RECEIVABLE**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	<b>11</b>	<b>39</b>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest payable on bank borrowing	<b>388</b>	<b>680</b>
Finance charges	<b>76</b>	<b>39</b>
	<b>464</b>	<b>719</b>

**8. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21.5% (2013: 23.25%)	<b>473</b>	<b>303</b>
Foreign tax	<b>72</b>	<b>88</b>
Total current tax	<b>545</b>	<b>391</b>
Deferred tax:		
Timing differences	<b>158</b>	<b>6</b>
Tax on profit on ordinary activities	<b>703</b>	<b>397</b>

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%).

	2014 £000	2013 £000
Profit on ordinary activities before taxation	3,184	1,883
Profit on ordinary activities by rate of tax	685	438
Permanent timing differences	184	120
Fixed asset and other timing differences	(149)	(36)
Different tax rates on overseas earnings	(175)	(131)
Adjustments in respect of prior periods	-	-
Total current tax (note 8(a))	545	391

### 9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £143,000 (2013: £130,000).

### 10. DIVIDENDS

The following dividends have been paid in respect of the year:	2014 £000	2013 £000
Equity dividend on ordinary shares	139	139

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

**11. INTANGIBLE FIXED ASSETS**

	<b>Intellectual Property £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>COST</b>			
At 1 January 2014	869	2,443	3,312
Additions	-	130	130
At 31 December 2014	<b>869</b>	<b>2,573</b>	<b>3,442</b>
<b>AMORTISATION</b>			
At 1 January 2014	9	1,866	1,875
Charge for the year	153	116	269
At 31 December 2014	<b>162</b>	<b>1,982</b>	<b>2,144</b>
<b>NET BOOK VALUE</b>			
At 31 December 2014	<b>707</b>	<b>591</b>	<b>1,298</b>
At 31 December 2013	860	577	1,437

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2014****12. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold Property £000</b>	<b>Leasehold Property £000</b>	<b>Short lease £000</b>	<b>Plant &amp; Machinery £000</b>	<b>Other Assets £000</b>	<b>Total £000</b>
<b>COST</b>						
At 1 Jan 2014	10,590	3,954	243	21,437	9,274	<b>45,498</b>
Exchange movement	264	28	2	418	168	<b>880</b>
Additions	578	8	49	1,007	1,415	<b>3,057</b>
Disposals	-	-	-	(1,438)	(575)	<b>(2,013)</b>
<b>At 31 Dec 2014</b>	<b>11,432</b>	<b>3,990</b>	<b>294</b>	<b>21,424</b>	<b>10,282</b>	<b>47,422</b>
<b>DEPRECIATION</b>						
At 1 Jan 2014	3,158	190	227	15,477	7,149	<b>26,201</b>
Exchange movement	218	15	2	320	164	<b>719</b>
Charge for the year	498	135	5	1,272	514	<b>2,424</b>
On disposals	-	-	-	(1,253)	(375)	<b>(1,628)</b>
<b>At 31 Dec 2014</b>	<b>3,874</b>	<b>340</b>	<b>234</b>	<b>15,816</b>	<b>7,452</b>	<b>27,716</b>
<b>NET BOOK VALUE</b>						
<b>At 31 Dec 2014</b>	<b>7,558</b>	<b>3,650</b>	<b>60</b>	<b>5,608</b>	<b>2,830</b>	<b>19,706</b>
At 31 Dec 2013	7,432	3,764	16	5,960	2,125	<b>19,297</b>

**Hire purchase agreements**

Included within the net book value of £19,706,000 is £2,012,000 (2013: £1,782,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £260,000 (2013: £252,000).

**Freehold and long leasehold land and buildings**

Freehold and long leasehold land and buildings were independently valued on an existing use basis by Sanderson Weatherall (Chartered Surveyors) in January 2014 and are carried at their valuation. In the Directors' opinion there is no material difference in the value as at January 2014 and December 2014.



**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2014****12. TANGIBLE FIXED ASSETS** *(continued)*

Freehold land and buildings were valued at £6,250,000 and long leasehold land and buildings were valued at £3,500,000. Both valuations were after a deduction for expected selling costs and valued as fully equipped operational entities.

In respect of certain fixed assets stated at valuation, the comparable historical cost and depreciation values are as follows:

	<b>Freehold Property £000</b>	<b>Long Lease £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Cost	7,491	3,671	<b>11,162</b>	10,576
Aggregate depreciation	(3,100)	(1,876)	<b>(4,976)</b>	(4,763)
	<b>4,391</b>	<b>1,795</b>	<b>6,186</b>	<b>5,813</b>

**Capital commitments**

	<b>2014 £000</b>	<b>2013 £000</b>
Contracted but not provided for in the financial statements	-	-

**13. INVESTMENTS**

<b>Group</b>	<b>Associated undertakings £000</b>
<b>COST</b>	
At 1 January 2014 and 31 December 2014	<b>43</b>
<b>AMOUNTS WRITTEN OFF</b>	
At 1 January 2014 and 31 December 2014	<b>43</b>
<b>NET BOOK VALUE</b>	
At 1 January 2014 and 31 December 2014	<b>-</b>

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

### 13. INVESTMENTS *(continued)*

#### Group *(continued)*

	Holding (Economic %)	Nature of business
<b>Subsidiary undertakings</b>		
<b>Incorporated in England</b>		
William Hare Limited	Ordinary shares (100%) Preference shares	Steel fabrication
Cellbeam Limited	Ordinary shares (100%)	Steel fabrication
William Hare Painting Limited	Ordinary shares (100%)	Steel painting
Cellshield Limited	Ordinary shares (100%)	Safety products
Richard Lees Decking Limited	Ordinary shares (100%)	Steel decking
Wigan Steel Fabrication Limited	Ordinary shares (100%)	Steel fabrication
<b>Incorporated in Singapore</b>		
Westbury Tubular Structures (S) Pte Limited	Ordinary shares (100%)	Overseas holding company
William Hare (SEA) Pte Limited	Ordinary shares (100%)	Steel fabrication
<b>Incorporated in Guernsey</b>		
Onbeach Insurance Limited	Ordinary shares (100%)	Insurance
<b>Incorporated in India</b>		
William Hare (India) Private Limited	Ordinary shares (100%)	Design services
Hare Information Technology Services Private Limited	Ordinary shares (100%)	Non Trading
Hare Structures India Private Ltd	Ordinary shares (100%)	Non Trading
<b>Incorporated in United Arab Emirates</b>		
William Hare UAE LLC	Ordinary shares (100%)	Steel fabrication
Emdad Steel UAE LLC	Ordinary shares (100%)	Steel stockholding
Cellbeam Middle East LLC	Ordinary shares (100%)	Steel fabrication
<b>Incorporated in Mauritius</b>		
William Hare Mauritius Holdings Ltd	Ordinary shares (100%)	Overseas holding company
<b>Incorporated in South Korea</b>		
William Hare Korea Ltd	Ordinary shares (100%)	Non Trading
<b>Associated Undertaking</b>		
<b>Incorporated in England</b>		
Fabsec Limited	Ordinary shares (25%)	Product software

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

### 13. INVESTMENTS *(continued)*

Company	Group companies £000	Associated undertakings £000	Total £000
<b>COST</b>			
At 1 January 2014	2,334	43	2,377
Additions in the year	2,074	-	2,074
At 31 December 2014	4,408	43	4,451
<b>AMOUNTS WRITTEN OFF</b>			
At 1 January 2014 and 31 December 2014	-	43	43
<b>NET BOOK VALUE</b>			
At 31 December 2014	4,408	-	4,408
At 1 January 2014	2,334	-	2,334

### 14. STOCKS

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Raw materials	3,595	2,040	-	-
Work in progress	30,504	34,181	-	-
	34,099	36,221	-	-

### 15. DEBTORS

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade debtors	33,206	29,327	-	-
Amounts owed by group undertakings	-	-	2,514	3,160
Prepayments and accrued income	1,508	1,918	-	-
Other debtors	1,450	2,077	90	104
	36,164	33,322	2,604	3,264

Trade debtors include an amount of £971,000 due after more than one year (2013: £792,000) and other debtors includes a deferred tax asset, which is recoverable after more than one year.

**WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

**16. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	-	6,921	-	-
Trade creditors	36,235	26,233	-	-
Amounts owed to group undertakings	-	-	5,040	5,305
Hire purchase agreements	656	533	-	-
Corporation tax	352	374	25	43
Other creditors	8,951	3,323	1,895	202
Accruals and deferred income	5,055	4,761	-	-
Payments received on account	2,905	3,008	-	-
	<b>54,154</b>	<b>45,153</b>	<b>6,960</b>	<b>5,550</b>

The following liabilities disclosed under creditors falling due within one year are secured:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	-	6,921	-	-

**17. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Hire purchase agreements	624	704	-	-
	<b>624</b>	<b>704</b>	<b>-</b>	<b>-</b>

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

**YEAR ENDED 31 DECEMBER 2014**

### 18. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts payable within 1 year	<b>656</b>	533	-	-
Amounts payable between 2 to 5 years	<b>624</b>	704	-	-
	<b>1,280</b>	1,237	-	-

### 19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Provision brought forward	<b>167</b>	161	<b>(90)</b>	(104)
Movement in provision	<b>154</b>	6	-	14
Provision carried forward	<b>321</b>	167	<b>(90)</b>	(90)

The provisions for deferred taxation consist of the tax effect of timing differences in respect of:

<b>Group</b>	<b>2014</b>		<b>2013</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Excess of taxation allowances over depreciation on fixed assets	<b>381</b>	-	298	-
Other timing differences	<b>(60)</b>	-	(131)	-
	<b>321</b>	-	167	-

<b>Company</b>	<b>2014</b>		<b>2013</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Other timing differences	<b>(90)</b>	-	(90)	-
	<b>(90)</b>	-	(90)	-

The deferred tax asset of the company is included within debtors (Note 15).

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

### 20. OTHER PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Other provisions	343	393	-	-

### 21. CONTINGENCIES

Contingent liabilities amounting to £29,825,000 (2013: £37,581,000) existed at the year end in respect of indemnities and guarantees.

### 22. RELATED PARTY TRANSACTIONS

The company was under the control of the majority of its directors in both the current and previous years.

### 23. SHARE CAPITAL

Allotted and called up:

	2014		2013	
	No	£000	No	£000
Ordinary shares of £1 each	25,000	25	25,000	25
Preference shares of £1 each	10,000	10	10,000	10
	35,000	35	35,000	35

# WILLIAM HARE GROUP LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2014

### 24. RESERVES

Group	Revaluation reserve £000	Exchange differences in subsidiaries £000	Profit and loss account £000
At 1 January 2014	3,245	1,733	36,480
Profit for the year	-	-	2,481
Equity dividends	-	-	(139)
Other movements	-	451	-
At 31 December 2014	3,245	2,184	38,822

Company	Profit and loss account £000
At 1 January 2014	13
Profit for the year	143
Equity dividends	(139)
At 31 December 2014	17

### 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Profit for the financial year	2,481	1,344
Equity dividends paid	(139)	(139)
Surplus on revaluation	-	568
Exchange adjustments on foreign currency translation	451	(249)
	2,793	1,524
Opening shareholders' equity funds	41,493	39,969
Closing shareholders' equity funds	44,286	41,493

### 26. PENSION COMMITMENTS

The Group operates defined contribution schemes for employees. The amount payable during the year amounted to £1,120,000 (2013: £1,039,000). There were no outstanding commitments at the balance sheet date (2013: £Nil).