

K W BELL & SON LIMITED
REPORT AND ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2003



KILSBY & WILLIAMS LLP
CHARTERED ACCOUNTANTS
Company Registration Number: 1873421

K W BELL & SON LIMITED

Directors

K W Bell
P A Bell
A Drew
A J Jones
J Bell
A Boddington
S Jelf

Secretary

J Bell

Registered office

Whimsey Industrial Estate
Cinderford
Gloucestershire
GL14 3JA

Bankers

HSBC Bank PLC
6 Market Street
Cinderford
Gloucestershire
GL14 2SB

Solicitors

Davies & Partners
Rowan House
Barnett Way
Barnwood
Gloucestershire
GL4 5RT

Auditors

Kilsby & Williams LLP
Chartered Accountants
and Registered Auditors
Cedar House
Hazell Drive
Newport
South Wales
NP10 8FY

K W BELL & SON LIMITED

REPORT AND ABBREVIATED ACCOUNTS **For the year ended 31 May 2003**

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K W BELL & SON LIMITED

REPORT OF THE DIRECTORS For the year ended 31 May 2003

The directors present their annual report and the audited accounts for the year ended 31 May 2003.

PRINCIPAL ACTIVITY

The principal activities of the company throughout the year were that of builders, building contractors and the management of related assets.

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The company made a profit after tax for the year of £260,260. The directors are confident that the company will continue to generate profits in the new financial year.

DIVIDENDS

A dividend of 0.769p per share was proposed for the year (2002 – nil).

FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are shown in note 7.

In the opinion of the directors, the open market value of the company's freehold land and buildings is not materially different from that shown in the accounts in relation to its use in the company's trade.

DIRECTORS

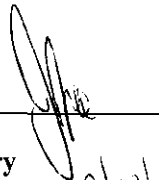
The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	31 May 2003 £1 Ordinary Shares	1 June 2002 £1 Ordinary Shares
K W Bell	78,001	78,001
P A Bell	50,999	50,999
A J Jones	3,000	3,000
A Drew	3,000	3,000
J Bell	-	-
A Boddington	-	-
S Jelf	-	-

AUDITORS

Following the conversion of the company's auditors Kilsby & Williams to a Limited Liability Partnership (LLP) from 1 September 2003, Kilsby & Williams resigned on 31 August 2003 and the directors appointed its successors, Kilsby & Williams LLP, as auditors. A resolution to re-appoint Kilsby & Williams LLP as auditors to the company will be proposed at the Annual General Meeting.

Signed on behalf of the
Board of Directors


J Bell
Secretary
Date: 26/12/2003

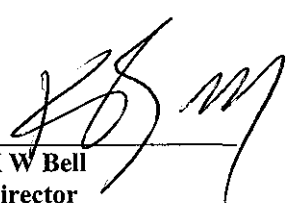
K W BELL & SON LIMITED**DIRECTORS' RESPONSIBILITIES**
For the year ended 31 May 2003

Company law requires the directors to prepare accounts for each financial year which 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 those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

**Signed on behalf of the
Board of Directors**


**K W Bell
Director**

Date: 15/11/04

INDEPENDENT AUDITORS' REPORT TO K W BELL & SON LIMITED
UNDER SECTION 247B TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the full statutory accounts of the company for the year ended 31 May 2003, prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

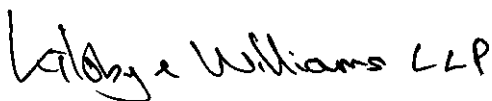
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 to the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the accounts that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those accounts. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full statutory accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 4 to 14 are properly prepared in accordance with that provision.



KILSBY & WILLIAMS LLP
Chartered Accountants
and Registered Auditors

Date:  January 2004

CHARTERED ACCOUNTANTS

K W BELL & SON LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2003

	Note	2003 £	2002 £
GROSS PROFIT		1,888,293	1,334,984
Administrative expenses		(1,637,323)	(1,328,113)
Other operating income		213,516	176,342
OPERATING PROFIT	2	464,486	183,213
Interest payable	4	(80,366)	(110,286)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		384,120	72,927
Tax on ordinary activities	6	(123,860)	(69,417)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		260,260	3,510
DIVIDENDS		(103,845)	-
RETAINED PROFIT FOR THE YEAR		156,415	3,510

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 14 form part of these accounts.

K W BELL & SON LIMITED

BALANCE SHEET As at 31 May 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	1,181,465	1,114,424
CURRENT ASSETS			
Stocks and work-in-progress	8	3,033,512	3,253,618
Debtors	9	483,530	1,053,247
Cash at bank and in hand		126,073	200,887
		<u>3,643,115</u>	<u>4,507,752</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(2,421,597)</u>	<u>(3,475,185)</u>
NET CURRENT ASSETS		<u>1,221,518</u>	<u>1,032,567</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,402,983</u>	<u>2,146,991</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(145,770)	(46,193)
PROVISION FOR LIABILITIES AND CHARGES	12	<u>(69,013)</u>	<u>(69,013)</u>
		<u>2,188,200</u>	<u>2,031,785</u>
CAPITAL AND RESERVES			
Called up share capital	13	135,000	135,000
Capital redemption reserve	14	15,000	15,000
Profit and loss account	14	2,038,200	1,881,785
	15	<u>2,188,200</u>	<u>2,031,785</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Signed on behalf of the
Board of Directors



K W Bell
Director

Approved by the Board: 15/1/04

The notes on pages 7 to 14 form part of these accounts

K W BELL & SON LIMITED

CASH FLOW STATEMENT For the year ended 31 May 2003

	Note	2003 £	2002 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	1,737,610	(1,021,741)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(80,366)	(110,286)
TAXATION			
Taxation paid		(60,160)	(36,428)
CAPITAL EXPENDITURE			
Receipts from sale of fixed assets		18,795	145,778
Payments to acquire tangible fixed assets		(238,997)	(257,348)
NET CASH INFLOW BEFORE FINANCING		1,376,882	(1,280,025)
Equity dividends paid		(103,845)	-
FINANCING			
Repayment of loans and hire purchase obligations	(1,531,251)	(167,396)	
Additional hire purchase loan obligations	183,400	1,567,173	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(1,347,851)	1,399,777
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	17	(74,814)	119,752

The notes on pages 7 to 14 form part of these accounts.

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

1. ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

Tangible Fixed Assets

Fixed assets are stated at cost less depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold building	2% per annum
Leasehold property	Life of lease (25 years)
Motor vehicles (reducing balance)	25% per annum
Plant and equipment (reducing balance/straight line)	15-25% per annum
Fixtures and fittings (reducing balance)	15% per annum

No depreciation is provided on the freehold land.

Stocks and Work-In-Progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Pensions

The company has a defined contribution scheme. Contributions payable for the year are charged in the profit and loss account.

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

2.	OPERATING PROFIT	2003 £	2002 £
	The operating profit is stated after charging/(crediting):		
	Depreciation of tangible fixed assets	147,870	177,149
	Loss on sale of assets	5,291	28,943
	Staff costs - note 3	1,071,725	827,037
	Auditors' remuneration	5,500	5,500
	Other operating income:		
	Management charges to related undertaking	(213,516)	(176,342)

3.	STAFF COSTS	2003 £	2002 £
	The costs incurred, including directors' remuneration were as follows:		
	Wages and salaries	889,158	700,125
	Social security costs	88,781	65,201
	Pension costs	93,786	61,711
		<u>1,071,725</u>	<u>827,037</u>

The average weekly number of employees during the year was as follows:

Office and management	18	15
Direct labour	24	21
	<u>42</u>	<u>36</u>

4.	INTEREST PAYABLE	2003 £	2002 £
	Interest payable on bank loans, overdraft and other loans wholly repayable within five years	76,203	96,425
	Interest on hire purchase and finance leases	6,273	9,250
	Other interest	(2,110)	4,611
		<u>80,366</u>	<u>110,286</u>

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

5. DIRECTORS' EMOLUMENTS	2003 £	2002 £
Directors' remuneration and benefits-in-kind	358,240	318,968
Pension contributions to a money purchase scheme	80,373	47,904
Pension to former director	3,666	3,000
	<u>442,279</u>	<u>369,872</u>
Amounts paid to the highest paid directors included above are:		
Highest paid director	113,376	123,728
Pension contributions	-	30,000
	<u>-</u>	<u>30,000</u>

The company operates a money purchase pension scheme. Seven directors (2002 – four) are members of the 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 £80,373 (2002 - £61,711). There were no contributions outstanding at the balance sheet date (2002 – £nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	2003 £	2002 £
Current taxation:		
UK corporation tax charge for the year	123,860	33,111
Over provision in respect of prior years	-	(707)
	<u>123,860</u>	<u>32,404</u>
Deferred taxation:		
Origination and reversal of timing differences	-	37,013
	<u>-</u>	<u>37,013</u>
Tax on profits on ordinary activities	<u>123,860</u>	<u>69,417</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2002 - 30%). The actual tax charge for the current and the previous period is less than the standard rate for the reasons set out in the following reconciliation:

	2003 £	2002 £
Profit on ordinary activities before tax	384,120	72,927
Tax on profit on ordinary activities at standard rate	115,236	21,878
Factors affecting charge for the period:		
Capital allowances for period less than/ (in excess of) depreciation	6,545	(40,403)
Marginal relief adjustment	(8,493)	(14,988)
Expenses not deductible for tax purposes	10,572	66,824
Other timing differences	-	36,106
	<u>-</u>	<u>36,106</u>
Total actual amount of current tax	<u>123,860</u>	<u>69,417</u>

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Plant and equipment £	Fixtures and fittings £	Land and buildings £	Total £
Cost					
At 1 June 2002	672,635	114,956	427,031	726,336	1,940,958
Additions in the year	219,711	8,688	10,598	-	238,997
Disposals in the year	(136,481)	(82,312)	-	-	(218,793)
At 31 May 2003	755,865	41,332	437,629	726,336	1,961,162
Depreciation					
At 1 June 2002	401,661	108,812	261,470	54,591	826,534
Charge for the year	79,565	5,918	52,164	10,223	147,870
Write off on disposal	(111,202)	(83,505)	-	-	(194,707)
At 31 May 2003	370,024	31,225	313,634	64,814	779,697
Net book value					
At 31 May 2003	385,841	10,107	123,995	661,522	1,181,465
At 31 May 2002	270,974	6,144	165,561	671,745	1,114,424

The above analysis includes the following in respect of assets held under finance leases and hire purchase contracts.

Net book value:					
31 May 2003	335,738	-	-	-	335,738
Depreciation:					
Charge for 2003	59,555	-	-	-	59,555
Accumulated to:					
31 May 2003	187,793	-	-	-	187,793

The net book value of land and buildings comprises freehold properties of £649,039 (2002 - £658,018) and short leaseholds of £12,483 (2002 - £13,727).

8. STOCKS AND WORK-IN-PROGRESS

	2003 £	2002 £
Stocks (principally land)	1,577,817	586,837
Work-in-progress	1,455,695	2,666,781
	3,033,512	3,253,618

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

9. DEBTORS	2003 £	2002 £
Amounts due within one year:		
Trade debtors	213,462	448,625
Amounts owed by connected parties (see note 19)	44,698	450,946
Other debtors	100,626	39,701
Prepayments and accrued income	124,744	113,975
	<u>483,530</u>	<u>1,053,247</u>

10. CREDITORS	2003 £	2002 £
Amounts falling due within one year:		
Bank loans	811,005	2,280,022
Trade creditors	730,419	817,623
Hire purchase and finance lease creditors	76,529	54,940
Taxation	124,734	61,034
Social security and other taxes	27,025	24,674
Other creditors	586,555	168,145
Accruals and deferred income	65,330	68,747
	<u>2,421,597</u>	<u>3,475,185</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets and related undertakings of the company, charges over land and buildings included in fixed assets and charges over certain land included in stock and work-in-progress and developments thereon.

The hire purchase liabilities are secured upon the assets to which they relate.

11. CREDITORS	2003 £	2002 £
Amounts falling due after more than one year:		
Hire purchase creditor	<u>145,770</u>	<u>46,193</u>

Obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments as follows:

	2003 £	2002 £
Within one year	76,529	54,940
Between two and five years	<u>145,770</u>	<u>46,193</u>

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

12. PROVISION FOR LIABILITIES AND CHARGES

	At start of year £	Movement £	At end of year £
Deferred taxation attributable to capital allowances	69,013	-	69,013

13. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised: £1 ordinary shares	200,000	200,000
Allotted, called up and fully paid	135,000	135,000

14. RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 June 2002	15,000	1,881,785
Profit for the year	-	156,415
At 31 May 2003	15,000	2,038,200

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	260,260	3,510
Equity dividends paid	(103,845)	-
Net addition to shareholders' funds	156,415	3,510
Opening shareholders' funds	2,031,785	2,028,275
Closing shareholders' funds	2,188,200	2,031,785

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

16. CONTINGENT LIABILITIES

The company has entered into guarantees in relation to performance bonds which at 31 May 2003 totalled £217,542. No liability is expected to arise from them

17. NOTES TO THE CASH FLOW STATEMENT

	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	532,842	183,213
Depreciation	147,879	177,149
Loss on disposal of fixed assets	5,291	28,943
Decrease/(increase) in stocks and work-in-progress	220,106	(1,386,014)
Decrease/(increase) in debtors	569,717	(390,810)
Increase in creditors	261,775	365,778
	<u>1,737,610</u>	<u>(1,021,741)</u>
Reconciliation of net cashflow to movement in net debt:	£	£
Decrease/(increase) in cash	74,814	(119,752)
Repayment of loans, hire purchase agreements and finance lease obligations	(1,531,251)	(167,396)
New hire purchase agreements and finance lease obligations	183,400	1,567,173
	<u>(1,273,037)</u>	<u>1,280,025</u>
Net debt brought forward	2,180,268	900,243
Net debt carried forward	<u>907,231</u>	<u>2,180,268</u>
Analysis of changes in net debt:	At 1 June 2002 £	Cashflow £
Cash in hand	(200,887)	74,814
Debt due within one year	2,334,962	887,534
Debt due after one year	46,193	145,770
	<u>2,180,268</u>	<u>(1,273,037)</u>
		<u>907,231</u>

K W BELL & SON LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 May 2003

18. FINANCIAL COMMITMENTS

Operating Leases

At 31 May 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases that expire:				
- Within one year	-	19,384	-	21,652
- Two to five years	-	10,680	-	-
- Over five years	20,000	-	20,000	6,896
	<u>20,000</u>	<u>30,064</u>	<u>20,000</u>	<u>28,548</u>

19. RELATED PARTY TRANSACTIONS

The company is controlled by Mr K W Bell, a director.

During the year, K W Bell and P A Bell had interests as partners in contracts to train horses owned by the company to the value of £8,831. At 31 May 2003 there was a balance due from this business to the company of £31,103.

K W Bell and P A Bell also had interests as partners in a plant hire business. The company provided services and sold assets to the plant hire business to the value of £188,414 during the year. At 31 May 2003 there was a balance due from this business to the company of £13,595.

The company provided services of £857,784 to Bell Contracting Limited, a company in which all five of the directors of K W Bell & Son Limited are directors. Bell Contracting Limited provided services to K W Bell & Son Limited totalling £2,260,075. The net balance due from Bell Contracting Limited at 31 May 2003 was £101,785.

All transactions were undertaken on a commercial basis.