# K W BELL & SON LIMITED

## REPORT AND ABBREVIATED ACCOUNTS

## FOR THE YEAR ENDED 31 MAY 2004

KILSBY & WILLIAMS LLP
CHARTERED ACCOUNTANTS

Company Registration Number: 1873421

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A46 0464
COMPANIES HOUSE 10/02/05

# K W BELL & SON LIMITED

| | |
|---|---|
| Directors | K W Bell<br>P A Bell<br>A Drew<br>A J Jones<br>J Bell<br>A Boddington<br>S Jelf |
| Secretary | J Bell |
| Registered office | Whimsey Industrial Estate<br>Cinderford<br>Gloucestershire<br>GL14 3JA |
| Bankers | HSBC Bank PLC<br>6 Market Street<br>Cinderford<br>Gloucestershire<br>GL14 2SB |
| Solicitors | Davies & Partners<br>Rowan House<br>Barnett Way<br>Barnwood<br>Gloucestershire<br>GL4 5RT |
| Auditors | Kilsby & Williams LLP<br>Chartered Accountants<br>and Registered Auditors<br>Cedar House<br>Hazell Drive<br>Newport<br>South Wales<br>NP10 8FY |

# K W BELL & SON LIMITED

**REPORT AND ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

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# K W BELL & SON LIMITED

## REPORT OF THE DIRECTORS
**For the year ended 31 May 2004**

The directors present their annual report and the audited accounts for the year ended 31 May 2004.

### 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 £445,477. The directors are confident that the company will continue to generate profits in the new financial year.

### DIVIDENDS

A dividend of nil per share was proposed for the year (2003 – 0.769p).

### 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 2004 £1 Ordinary Shares | 1 June 2003 £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

The auditors Kilsby & Williams LLP will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

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

**J Bell**
**Secretary**
**Date:** 25/11/05

# K W BELL & SON LIMITED

**DIRECTORS' RESPONSIBILITIES**
**For the year ended 31 May 2004**

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:** 03/02/05

KILSBY & WILLIAMS

**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 2004, 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

**KILSBY & WILLIAMS LLP**
**Chartered Accountants**
**and Registered Auditors**

**Date:** 7th February 2005

# K W BELL & SON LIMITED

## PROFIT AND LOSS ACCOUNT
**For the year ended 31 May 2004**

| | Note | 2004 £ | 2003 £ |
|---|---|---|---|
| **GROSS PROFIT** | | 2,347,050 | 1,888,293 |
| Administrative expenses | | (1,840,402) | (1,637,323) |
| Other operating income | | 213,516 | 213,516 |
| **OPERATING PROFIT** | 2 | 720,164 | 464,486 |
| Interest payable | 4 | (81,067) | (80,366) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | 639,097 | 384,120 |
| Tax on ordinary activities | 6 | (193,620) | (123,860) |
| **PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION** | | 454,477 | 260,260 |
| **DIVIDENDS** | | - | (103,845) |
| **RETAINED PROFIT FOR THE YEAR** | | 454,477 | 156,415 |

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 2004**

| | Note | 2004 £ | 2003 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 7 | 1,098,481 | 1,181,465 |
| **CURRENT ASSETS** | | | |
| Stocks and work-in-progress | 8 | 7,022,699 | 3,033,512 |
| Debtors | 9 | 393,871 | 483,530 |
| Cash at bank and in hand | | 75,372 | 126,073 |
| | | 7,491,942 | 3,643,115 |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 10 | (5,785,246) | (2,421,597) |
| **NET CURRENT ASSETS** | | 1,706,696 | 1,221,518 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 2,805,177 | 2,402,983 |
| **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | 11 | (112,192) | (145,770) |
| **PROVISION FOR LIABILITIES AND CHARGES** | 12 | (59,308) | (69,013) |
| | | 2,633,677 | 2,188,200 |
| **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 | 2,483,677 | 2,038,200 |
| | 15 | 2,633,677 | 2,188,200 |

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:** 03/04/05

**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 2004**

| | Note | £ | 2004<br>£ | £ | 2003<br>£ |
|---|---|---|---|---|---|
| **NET CASH OUTFLOW/INFLOW FROM OPERATING ACTIVITIES** | 16 | | (1,244,269) | | 1,737,610 |
| **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE** | | | | | |
| Interest paid | | | (81,067) | | (80,366) |
| **TAXATION** | | | | | |
| Taxation paid | | | (114,883) | | (60,160) |
| **CAPITAL EXPENDITURE** | | | | | |
| Receipts from sale of fixed assets | | | 50,866 | | 18,795 |
| Payments to acquire tangible fixed assets | | | (118,213) | | (238,997) |
| **NET CASH INFLOW BEFORE FINANCING** | | | (1,507,566) | | 1,376,882 |
| Equity dividends paid | | | - | | (103,845) |
| **FINANCING** | | | | | |
| Repayment of loans and hire purchase obligations | | (554,676) | | (1,531,251) | |
| Additional hire purchase loan obligations | | 50,942 | | 183,400 | |
| Additional bank loans | | 1,960,600 | | - | |
| **NET CASH INFLOW/(OUTFLOW) FROM FINANCING** | | | 1,456,866 | | (1,347,851) |
| **(DECREASE) IN CASH AND CASH EQUIVALENTS** | 16 | | (50,700) | | (74,814) |

**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 2004**

## 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 (straight line/reducing balance) | 10-25% 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 2004**

## 2. OPERATING PROFIT

| | 2004 £ | 2003 £ |
|---|---|---|
| The operating profit is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 155,907 | 147,870 |
| (Profit)/loss on sale of assets | (5,576) | 5,291 |
| Staff costs - note 3 | 1,270,832 | 1,071,725 |
| Auditors' remuneration | 5,500 | 5,500 |
| Other operating income: | | |
| Management charges to related undertaking | (213,516) | (213,516) |

## 3. STAFF COSTS

| | 2004 £ | 2003 £ |
|---|---|---|
| The costs incurred, including directors' remuneration were as follows: | | |
| Wages and salaries | 1,110,115 | 889,158 |
| Social security costs | 99,128 | 88,781 |
| Pension costs | 61,589 | 93,786 |
| | 1,270,832 | 1,071,725 |
| The average weekly number of employees during the year was as follows: | | |
| Office and management | 21 | 18 |
| Direct labour | 24 | 24 |
| | 45 | 42 |

## 4. INTEREST PAYABLE

| | 2004 £ | 2003 £ |
|---|---|---|
| Interest payable on bank loans, overdraft and other loans wholly repayable within five years | 74,945 | 76,203 |
| Interest on hire purchase and finance leases | 11,850 | 6,273 |
| Other interest | (5,728) | (2,110) |
| | 81,067 | 80,366 |

# K W BELL & SON LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

## 5. DIRECTORS' EMOLUMENTS

| | 2004 £ | 2003 £ |
|---|---|---|
| Directors' remuneration and benefits-in-kind | 519,681 | 358,240 |
| Pension contributions to a money purchase scheme | 70,687 | 80,373 |
| Pension to former director | 4,117 | 3,666 |
| | 594,485 | 442,279 |

Amounts paid to the highest paid directors included above are:

| | | |
|---|---|---|
| Highest paid director | 180,990 | 113,376 |
| Pension contributions | - | - |

The company operates a money purchase pension scheme. Six directors (2003 – seven) 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 £70,687 (2003 - £80,373). There were no contributions outstanding at the balance sheet date (2003 – £nil).

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2004 £ | 2003 £ |
|---|---|---|
| Current taxation: | | |
| UK corporation tax charge for the year | 209,560 | 123,860 |
| Over provision in respect of prior years | (6,235) | - |
| | 203,325 | 123,860 |
| Deferred taxation: | | |
| Origination and reversal of timing differences | (9,705) | - |
| Tax on profits on ordinary activities | 193,620 | 123,860 |

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2003 - 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:

| | 2004 £ | 2003 £ |
|---|---|---|
| Profit on ordinary activities before tax | 639,097 | 384,120 |
| Tax on profit on ordinary activities at standard rate | 191,729 | 115,236 |
| Factors affecting charge for the period: | | |
| Capital allowances less than depreciation | 13,730 | 6,545 |
| Marginal relief adjustment | (4,078) | (8,493) |
| Expenses not deductible for tax purposes | 8,179 | 10,572 |
| Total actual amount of current tax | 209,560 | 123,860 |

# K W BELL & SON LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

## 7. *TANGIBLE FIXED ASSETS*

| | Motor vehicles £ | Plant and equipment £ | Fixtures and fittings £ | Land and buildings £ | Total £ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 June 2003 | 755,865 | 41,332 | 437,629 | 726,336 | 1,961,162 |
| Additions in the year | 92,223 | - | 25,990 | - | 118,213 |
| Transfer | - | (8,688) | 8,688 | - | - |
| Disposals in the year | (109,223) | - | (48,454) | - | (157,677) |
| At 31 May 2004 | 738,865 | 32,644 | 423,853 | 726,336 | 1,921,698 |
| **Depreciation** | | | | | |
| At 1 June 2003 | 370,024 | 31,225 | 313,634 | 64,814 | 779,697 |
| Charge for the year | 100,911 | 1,419 | 43,354 | 10,223 | 155,907 |
| Write off on disposal | (60,356) | - | (52,031) | - | (112,387) |
| At 31 May 2004 | 410,579 | 32,644 | 304,957 | 75,037 | 823,217 |
| **Net book value** | | | | | |
| At 31 May 2004 | 328,286 | - | 118,896 | 651,299 | 1,098,481 |
| At 31 May 2003 | 385,841 | 10,107 | 123,995 | 661,522 | 1,181,465 |

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

| | | | | | |
|---|---|---|---|---|---|
| **Net book value:** | | | | | |
| 31 May 2004 | 230,312 | - | - | - | 230,312 |
| **Depreciation:** | | | | | |
| Charge for 2004 | 60,551 | - | - | - | 60,551 |
| **Accumulated to:** | | | | | |
| 31 May 2004 | 80,896 | - | - | - | 80,896 |

The net book value of land and buildings comprises freehold properties of £640,061 (2003 - £649,039) and short leaseholds of £11,238 (2003 - £12,483).

## 8. STOCKS AND WORK-IN-PROGRESS

| | 2004 £ | 2003 £ |
|---|---|---|
| Stocks (principally land) | 2,598,228 | 1,577,817 |
| Work-in-progress | 4,424,471 | 1,455,695 |
| | 7,022,699 | 3,033,512 |

# K W BELL & SON LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

## 9. DEBTORS

| | 2004 £ | 2003 £ |
|---|---|---|
| Amounts due within one year: | | |
| Trade debtors | 77,909 | 213,462 |
| Amounts owed by related parties (see note 18) | 45,605 | 44,698 |
| Other debtors | 128,577 | 100,626 |
| Prepayments and accrued income | 141,780 | 124,744 |
| | 393,871 | 483,530 |

## 10. CREDITORS

| | 2004 £ | 2003 £ |
|---|---|---|
| Amounts falling due within one year: | | |
| Bank loans | 2,308,831 | 811,005 |
| Trade creditors | 1,159,797 | 730,419 |
| Hire purchase and finance lease creditors | 69,147 | 76,529 |
| Taxation | 213,176 | 124,734 |
| Social security and other taxes | 35,435 | 27,025 |
| Other creditors | 924,912 | 484,700 |
| Accruals and deferred income | 102,335 | 65,330 |
| Amounts owed to related parties (see note 18) | 971,613 | 101,785 |
| | 5,785,246 | 2,421,597 |

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

| | 2004 £ | 2003 £ |
|---|---|---|
| Amounts falling due after more than one year: | | |
| Hire purchase creditor | 112,192 | 145,770 |

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

| | 2004 £ | 2003 £ |
|---|---|---|
| Within one year | 69,147 | 76,529 |
| Between two and five years | 112,192 | 145,770 |

# K W BELL & SON LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

## 12. PROVISION FOR LIABILITIES AND CHARGES

| | At start of year £ | Movement £ | At end of year £ |
|---|---|---|---|
| Deferred taxation attributable to capital allowances | 69,013 | (9,705) | 59,308 |

## 13. CALLED UP SHARE CAPITAL

| | 2004 £ | 2003 £ |
|---|---|---|
| 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 2003 | 15,000 | 2,038,200 |
| Profit for the year | - | 445,477 |
| At 31 May 2004 | 15,000 | 2,483,677 |

## 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2004 £ | 2003 £ |
|---|---|---|
| Profit for the financial year | 455,477 | 260,260 |
| Equity dividends paid | - | (103,845) |
| Net addition to shareholders' funds | 445,477 | 156,415 |
| Opening shareholders' funds | 2,188,200 | 2,031,785 |
| Closing shareholders' funds | 2,633,677 | 2,188,200 |

# K W BELL & SON LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

## 16. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to net cash inflow from operating activities:

| | 2004 | 2003 |
|---|---|---|
| | £ | £ |
| Operating profit | 720,164 | 464,486 |
| Depreciation | 155,908 | 147,879 |
| (Profit)/loss on disposal of fixed assets | (5,576) | 5,291 |
| (Increase)/decrease in stocks and work-in-progress | (3,989,187) | 220,106 |
| Decrease in debtors | 89,659 | 569,717 |
| Increase in creditors | 1,784,763 | 330,140 |
| | (1,244,269) | 1,737,610 |

Reconciliation of net cashflow to movement in net debt:

| | £ | £ |
|---|---|---|
| (Decrease)/increase in cash | 50,700 | 74,814 |
| Repayment of loans, hire purchase agreements and finance lease obligations | (554,676) | (1,531,251) |
| New hire purchase agreements and finance lease obligations | 50,942 | 183,400 |
| New bank loans | 1,960,600 | - |
| | 1,507,566 | (1,273,037) |
| Net debt brought forward | 907,231 | 2,180,268 |
| Net debt carried forward | 2,414,797 | 907,231 |

Analysis of changes in net debt:

| | At 1 June 2003 | Cashflow | At 31 May 2004 |
|---|---|---|---|
| | £ | £ | £ |
| Cash in hand | (126,073) | 50,701 | (75,372) |
| Debt due within one year | 887,534 | 1,490,444 | 2,377,978 |
| Debt due after one year | 145,770 | (33,578) | 112,192 |
| | 907,231 | 1,507,567 | 2,414,798 |

# K W BELL & SON LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS**
**For the year ended 31 May 2004**

## 17. FINANCIAL COMMITMENTS

**Operating Leases**

At 31 May 2004 the company had annual commitments under non-cancellable operating leases as set out below:

| | 2004 | | 2003 | |
|---|---|---|---|---|
| | **Land and buildings** | **Other** | **Land and buildings** | **Other** |
| | **£** | **£** | **£** | **£** |
| Operating leases that expire: | | | | |
| - Within one year | - | 11,575 | - | 19,384 |
| - Two to five years | - | 4,512 | - | 10,680 |
| - Over five years | 20,000 | - | 20,000 | - |
| | 20,000 | 16,087 | 20,000 | 30,064 |

## 18. TRANSACTIONS WITH THE DIRECTORS

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 £17,639. At 31 May 2004 there was a balance due to this business to the company of £4,203.

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 £152,676 during the year. At 31 May 2004 there was a balance due from this business to the company of £45,605.

The company provided services of £768,836 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 £2,459,060. The net balance due to Bell Contracting Limited at 31 May 2004 was £967,860.

Included in other creditors is a loan due to P A Bell, a director, of £300,077.

All transactions were undertaken on a commercial basis.