

COMPANY REGISTRATION NUMBER 01873421

K W BELL GROUP LIMITED

ABBREVIATED ACCOUNTS

31 MAY 2011



**KILSBY & WILLIAMS LLP
CHARTERED ACCOUNTANTS**

K W BELL GROUP LIMITED

ABBREVIATED ACCOUNTS

Year ended 31 May 2011

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K W BELL GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr K W Bell
Mr P A Bell
Mr A J Jones
Mr J Bell
Mr S Jelf

Company secretary

Mr J Bell

Registered office

Whimsey Industrial Estate
Cinderford
Gloucestershire
GL14 3JA

Auditor

Kilsby & Williams LLP
Chartered Accountants
& Statutory Auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

Bankers

HSBC Bank Plc
6 Market Street
Cinderford
Gloucestershire
GL14 2SB

Solicitors

Davies & Partners
Rowan House
Barnett Way
Barnwood
Gloucestershire
GL14 5RT

K W BELL GROUP LIMITED

CHAIRMAN'S STATEMENT

Year ended 31 May 2011

The year to May 2011 has been another extraordinarily difficult year for the company, our sector and the economy as a whole. Despite this we have returned a pre-tax profit and continued to maintain our balance sheet strength. Our gearing also continues to be excellent.

House sales on our developments have proven difficult during the year. We have however had an excellent start to the 2011/2012 year, selling over 70% of the total units sold in 2010/2011 in just the first quarter. We have also recently been successful in receiving an allocation of funds from the government in relation to their 'FirstBuy' scheme which should help further with houses sales. Reservations and foot traffic at our show homes has continued to improve substantially since year end.

Our partnering division also had a very difficult year due to complications suffered by our clients on a number of contracts. These have been resolved since year end releasing the bottleneck in build and sales. Our partnering turnover during the first four months of the 2011/2012 year is significantly more than the whole of the 2010/2011 year. We are continuing to be proactive and aggressive in our marketing of our partnering division and have secured over £5m of new contracts which should commence during the second half of our financial year.

Due to strong cash management our bank loans have remained level despite the difficult trading. In line with the increased sales noted above, the four months since year end has seen a substantial improvement in funding requirements with a fall of nearly half a million pounds of bank loans and over eight hundred thousand pounds of loans from our associated company. K W Bell Group Limited has had the support of its bank since its inception and their understanding of our business and its key personnel gives us the every confidence that they will continue their support.

Market conditions are likely to remain difficult for at least the next year. We have however maintained our balance sheet strength and controlled our gearing. Our business has a solid track record, and our strong management has cut overheads and direct costs where necessary to maintain our strength.

Due to our strengths, we are confident that we will be ideally placed when market conditions do return to take advantage of the opportunities that will undoubtedly be available.


Mr K W Bell
Chairman
Date 9/12/11

K W BELL GROUP LIMITED

THE DIRECTORS' REPORT

Year ended 31 May 2011

The directors present their report and the accounts of the company for the year ended 31 May 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year was that of house builders and the management of a public house, restaurant and accommodation

The company is operating in a difficult market and pressure on market prices has resulted in a 13% reduction in gross profit. The company has reported a post tax profit of £52,816. The company's balance sheet remains strong and liquid with net current assets of £3,465,272.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £52,816. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal instruments comprise bank balances, bank loans, trade creditors, trade debtors, finance lease agreements and related party loans. The main purpose of these instruments is to raise funds to finance the company's operations.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of related company loans at floating rates of interest.

In respect of loans these comprise loans from financial institutions and related parties. In respect of the bank loans, the liquidity risk is managed closely by the agreement of repayments with the bank so that the loan is repaid over a suitable period of time as and when finance is available. In respect of related party loans the company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

The company is a lessee in respect of finance leased assets with fixed monthly payments. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

DIRECTORS

The directors who served the company during the year were as follows

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

Mr A Drew retired as a director on 12 October 2010

K W BELL GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

Year ended 31 May 2011

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 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,
- 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 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.

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.

PURCHASE OF OWN SHARES

During the year the company purchased 3,000 £1 ordinary shares (2.22% of the called up share capital) for a consideration of £100,000 from Mr A Drew as he wished to sell his interest and the company considered it appropriate to purchase and subsequently cancel these shares.

AUDITOR

Kilsby & Williams LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the directors



Mr J Bell
Company Secretary

Approved by the directors on

9/12/11

INDEPENDENT AUDITOR'S REPORT TO K W BELL GROUP LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts, together with the accounts of K W Bell Group Limited for the year ended 31 May 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

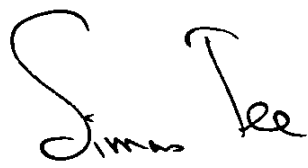
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

 3rd January 2012

Simon Tee (Senior Statutory Auditor)
For and on behalf of
Kilsby & Williams LLP
Chartered Accountants & Statutory Auditor

Cedar House
Hazell Drive
Newport
NP10 8FY

K W BELL GROUP LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

Year ended 31 May 2011

	Note	2011 £	2010 £
TURNOVER		6,056,596	9,971,400
Cost of Sales and Other operating income		(4,164,104)	(7,863,691)
Administrative expenses		(1,648,785)	(1,800,845)
OPERATING PROFIT	2	243,707	306,864
Interest receivable and similar income		33	5,161
Interest payable and similar charges	5	(184,558)	(188,742)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,182	123,283
Tax on profit on ordinary activities	6	(6,366)	(25,295)
PROFIT FOR THE FINANCIAL YEAR		52,816	97,988

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 18 form part of these abbreviated accounts.

K W BELL GROUP LIMITED

ABBREVIATED BALANCE SHEET

31 May 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	991,499	1,003,157
CURRENT ASSETS			
Stocks	9	11,816,590	11,123,412
Debtors	10	535,789	450,086
Cash at bank and in hand		42,025	262,687
		12,394,404	11,836,185
CREDITORS: Amounts falling due within one year	11	(8,929,132)	(8,323,515)
NET CURRENT ASSETS		3,465,272	3,512,670
TOTAL ASSETS LESS CURRENT LIABILITIES		4,456,771	4,515,827
CREDITORS: Amounts falling due after more than one year	12	(161,834)	(160,825)
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	(18,641)	(31,522)
		4,276,296	4,323,480
CAPITAL AND RESERVES			
Called-up equity share capital	17	132,000	135,000
Other reserves	18	18,000	15,000
Profit and loss account	19	4,126,296	4,173,480
SHAREHOLDERS' FUNDS	20	4,276,296	4,323,480

These abbreviated accounts have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 9/12/11, and are signed on their behalf by



Mr K W Bell
Director

Company Registration Number 01873421

The notes on pages 9 to 18 form part of these abbreviated accounts.

K W BELL GROUP LIMITED

CASH FLOW STATEMENT

Year ended 31 May 2011

	Note	2011 £	2010 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	21	(12,963)	1,430,422
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21	(184,525)	(183,581)
TAXATION	21	(31,247)	13,847
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	21	(2,355)	32,888
EQUITY DIVIDENDS PAID		—	(249,750)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(231,090)</u>	<u>1,043,826</u>
FINANCING	21	(110,350)	(1,611,840)
DECREASE IN CASH	21	<u>(341,440)</u>	<u>(568,014)</u>

The notes on pages 9 to 18 form part of these abbreviated accounts.

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention

Turnover

Turnover represents the total sales value of legally completed properties, excluding part exchange properties. Turnover and profit on sales are recognised on legal completion.

Fixed assets

All fixed assets are initially recorded at cost.

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 Building	-	2% pa straight line
Leasehold Property	-	25 years (life of the lease)
Plant & Equipment	-	15-25% pa straight line and reducing balance
Fixtures & Fittings	-	10-25% pa straight line and reducing balance
Motor Vehicles	-	25% pa reducing balance

No depreciation is provided on freehold land.

Stocks

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

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. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a sum of the digits basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

1. ACCOUNTING POLICIES (*continued*)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Amounts recoverable on contracts

Some of the company's contracts are considered to be of the nature of long term contracts. In order for the accounts to reflect the level of activity during the period, turnover and profit are recognised on a prudent basis as the work proceeds. The amounts recoverable on contracts represent the value of the work done but not invoiced at the balance sheet date.

2. OPERATING PROFIT

Operating profit is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	92,423	116,119
Depreciation of assets held under hire purchase agreements	38,424	24,267
Loss on disposal of fixed assets	3,944	12,310
Auditor's remuneration		
- as auditor	<u>8,625</u>	<u>8,625</u>

3. PARTICULARS OF EMPLOYEES

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

	2011	2010
	No	No
Number of direct labour	21	18
Number of office and management staff	<u>21</u>	<u>27</u>
	<u>42</u>	<u>45</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	1,001,112	1,052,970
Social security costs	73,699	82,107
Other pension costs	46,577	54,210
	<u>1,121,388</u>	<u>1,189,287</u>

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

4. DIRECTORS' REMUNERATION

The directors' aggregate remuneration and other payments in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	152,652	299,570
Value of company pension contributions to money purchase schemes	10,488	16,588
Compensation for loss of directorship	30,000	—
	<u>193,140</u>	<u>316,158</u>

Remuneration of highest paid director

	2011 £	2010 £
Total remuneration (excluding pension contributions)	69,572	90,727
Value of company pension contributions to money purchase schemes	4,128	9,004
	<u>73,700</u>	<u>99,731</u>

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

	2011 No	2010 No
Money purchase schemes	<u>5</u>	<u>5</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank borrowing	147,521	154,641
Finance charges	5,405	5,697
Other similar charges payable	31,632	28,404
	<u>184,558</u>	<u>188,742</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 20% (2010 - 28%)	19,247	31,247
Over/under provision in prior year	—	(1,990)
Total current tax	<u>19,247</u>	<u>29,257</u>
Deferred tax		
Origination and reversal of timing differences	(12,881)	(3,962)
Tax on profit on ordinary activities	<u>6,366</u>	<u>25,295</u>

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

6. 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 20% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	64,174	123,283
Profit on ordinary activities by rate of tax	12,835	34,519
Expenses not deductible for tax purposes	867	3,127
Capital allowances for period in excess of depreciation	5,819	4,022
Adjustments to tax charge in respect of previous periods	-	(1,990)
Marginal relief / rate differences	768	(10,421)
Total current tax (note 6(a))	20,289	29,257

7. DIVIDENDS

Equity dividends

	2011 £	2010 £
Paid during the year	-	249,750
Dividends on equity shares	-	249,750

8. TANGIBLE FIXED ASSETS

	Freehold & Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 June 2010	781,637	32,644	584,150	724,740	2,123,171
Additions	5,000	-	4,890	133,449	143,339
Disposals	-	-	(32,016)	(83,131)	(115,147)
At 31 May 2011	786,637	32,644	557,024	775,058	2,151,363
DEPRECIATION					
At 1 June 2010	140,580	32,644	445,746	501,044	1,120,014
Charge for the year	11,407	-	37,406	82,034	130,847
On disposals	-	-	(28,325)	(62,672)	(90,997)
At 31 May 2011	151,987	32,644	454,827	520,406	1,159,864
NET BOOK VALUE					
At 31 May 2011	634,650	-	102,197	254,652	991,499
At 31 May 2010	641,057	-	138,404	223,696	1,003,157

The net book value of land and buildings comprises freehold properties of £629,922 (2010 - £634,982) and short leaseholds of £4,728 (2010 - £6,075)

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

8. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £996,491 is £125,712 (2010 - £72,801) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £38,424 (2010 - £24,267)

9. STOCKS

	2011 £	2010 £
Stocks (principally land)	2,917,504	3,339,767
Work in progress	8,899,086	7,783,645
	<u>11,816,590</u>	<u>11,123,412</u>

10. DEBTORS

	2011 £	2010 £
Trade debtors	301,965	197,054
Amounts recoverable on contracts	61,918	46,032
Amounts owed to related undertakings	20,779	14,051
Other debtors	31,048	69,554
Prepayments and accrued income	120,079	123,395
	<u>535,789</u>	<u>450,086</u>

11 CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Amounts owed to related undertakings	2,281,679	1,913,836
Bank loans	4,005,320	3,914,170
Trade creditors	1,160,594	1,209,622
Corporation tax	19,247	31,247
Other taxation and social security	19,572	34,256
Hire purchase agreements	101,461	83,192
Other creditors	205,489	371,704
Directors current accounts	1,009,779	672,148
Accruals and deferred income	125,991	93,340
	<u>8,929,132</u>	<u>8,323,515</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 developments thereon

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

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

12. CREDITORS: Amounts falling due after more than one year

	2011 £	2010 £
Bank loans	116,919	156,493
Hire purchase agreements	44,915	4,332
	<u>161,834</u>	<u>160,825</u>

13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2011 £	2010 £
Amounts payable within 1 year	101,461	83,192
Amounts payable between 1 and 2 years	44,915	4,332
	<u>146,376</u>	<u>87,524</u>

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	31,522	35,484
Profit and loss account movement arising during the year	(12,881)	(3,962)
Provision carried forward	<u>18,641</u>	<u>31,522</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	18,641	31,522
	<u>18,641</u>	<u>31,522</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011 £	2010 £
Operating leases which expire		
After more than 5 years	<u>35,200</u>	<u>35,200</u>

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

16. RELATED PARTY TRANSACTIONS

The company was under the control of K W Bell throughout the current and previous years K W Bell is the chairman and majority shareholder

During the year K W Bell and P A Bell had interests as partners in contracts to train horses During the year the company made purchases to the value of £2,583 (2010 - £15,118) from this partnership At 31 May 2011 there was a balance of £- (2010 - £7,904) due to this business by the company

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 £98,035 (2010 - £88,184) At the year end there was a balance due from the partnership of £20,779 (2010 - £14,051)

K W Bell Group Limited also provided services totalling £1,434,074 (2010 - £945,187) to Bell Contracting Limited, a company in which all of the directors serve as directors That company provided services to K W Bell Group Limited totalling £1,500,336 (2010 - £1,358,992) during the year The balance due to Bell Contracting Limited at the year end was £2,281,679 (2010 - £1,905,932)

Included within creditors due within one year are the following amounts due to the following directors

	2011 £	2010 £
Directors loan account - K W Bell	739,779	365,570
Directors loan account - P A Bell	270,000	306,578
	<u>1,009,779</u>	<u>672,148</u>

These amounts are unsecured and repayable on demand Interest is payable on the outstanding balances at 3% over the banks base rate

During the year the company provided services totalling £35,000 (2010 - £132,500) in respect of a housing development owned by K W Bell At 31 May 2011 there was a balance of £Nil (2010 - £18,000) included in amounts recoverable on contracts in respect of this work

Payments of £35,200 (2010 - £35,200) were paid by the company to K W Bell & Son Ltd Pension Scheme 93 during the year in respect of the rental of premises

All transactions were entered into on an arms length basis

17. SHARE CAPITAL

Authorised share capital:

	2011 £	2010 £
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

Allotted, called up and fully paid:

	2011 No	£	2010 No	£
132,000 Ordinary shares (2010 - 135,000) of £1 each	<u>132,000</u>	<u>132,000</u>	<u>135,000</u>	<u>135,000</u>

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

18. OTHER RESERVES

	2011 £	2010 £
Capital redemption reserve		
Balance brought forward	15,000	15,000
Purchase of own shares	3,000	—
	<u>18,000</u>	<u>15,000</u>

19. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
Balance brought forward	4,173,480	4,325,242
Profit for the financial year	52,816	97,988
Equity dividends	—	(249,750)
Purchase of own shares	(100,000)	—
Balance carried forward	<u>4,126,296</u>	<u>4,173,480</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	52,816	97,988
Purchase of own ordinary shares	(3,000)	—
Premium on purchase of own ordinary shares	(97,000)	—
Equity dividends	—	(249,750)
Net reduction to shareholders' funds	(47,184)	(151,762)
Opening shareholders' funds	<u>4,323,480</u>	<u>4,475,242</u>
Closing shareholders' funds	<u>4,276,296</u>	<u>4,323,480</u>

21. NOTES TO THE CASH FLOW STATEMENT

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

	2011 £	2010 £
Operating profit	243,707	306,864
Depreciation	130,847	140,386
Loss on disposal of fixed assets	3,944	12,310
(Increase)/decrease in stocks	(693,178)	1,273,055
(Increase)/decrease in debtors	(85,703)	123,220
Increase/(decrease) in creditors	387,420	(425,413)
Net cash (outflow)/inflow from operating activities	<u>(12,963)</u>	<u>1,430,422</u>

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

21. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £	2010 £
Interest received	33	5,161
Interest paid	(179,153)	(183,045)
Interest element of hire purchase	(5,405)	(5,697)
Net cash outflow from returns on investments and servicing of finance	<u>(184,525)</u>	<u>(183,581)</u>

TAXATION

	2011 £	2010 £
Taxation	<u>(31,247)</u>	<u>13,847</u>

CAPITAL EXPENDITURE

	2011 £	2010 £
Payments to acquire tangible fixed assets	(22,561)	(16,863)
Receipts from sale of fixed assets	20,206	49,751
Net cash (outflow)/inflow from capital expenditure	<u>(2,355)</u>	<u>32,888</u>

FINANCING

	2011 £	2010 £
Purchase of own equity shares	(3,000)	—
Premium on purchase of own equity shares	(97,000)	—
Increase in/(repayment of) bank loans	51,576	(1,511,814)
Capital element of hire purchase	(61,926)	(100,026)
Net cash outflow from financing	<u>(110,350)</u>	<u>(1,611,840)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £	2010 £
Decrease in cash in the period	(341,440)	(568,014)
Net cash (inflow) from/outflow from bank loans	(51,576)	1,511,814
Cash outflow in respect of hire purchase	61,926	100,026
	<u>(331,090)</u>	<u>1,043,826</u>
Change in net debt	(331,090)	1,043,826
Net debt at 1 June 2010	(3,895,500)	(4,939,326)
Net debt at 31 May 2011	<u>(4,226,590)</u>	<u>(3,895,500)</u>

K W BELL GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 2011

21. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jun 2010 £	Cash flows £	At 31 May 2011 £
Net cash			
Cash in hand and at bank	262,687	(220,662)	42,025
Debt			
Debt due within 1 year	(3,914,170)	(91,150)	(4,005,320)
Debt due after 1 year	(156,493)	39,574	(116,919)
Hire purchase agreements	(87,524)	(58,852)	(146,376)
	<u>(4,158,187)</u>	<u>(110,428)</u>	<u>(4,268,615)</u>
Net debt	<u>(3,895,500)</u>	<u>(331,090)</u>	<u>(4,226,590)</u>