

K W BELL GROUP LIMITED

FINANCIAL STATEMENTS

31 MAY 2016



KILSBY & WILLIAMS LLP

Chartered accountant & statutory auditor

Cedar House
Hazell Drive
Newport
NP10 8FY

K W BELL GROUP LIMITED

FINANCIAL STATEMENTS

Year ended 31 May 2016

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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 accountant & 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

STRATEGIC REPORT

Year ended 31 May 2016

The directors present their strategic report for the year ended 31 May 2016.

Review of the Business

The company operates as house builders and is one of the leading privately owned housing development companies in the region. The company has developments in its core base areas of Gloucestershire and Herefordshire. The company is also engaged in the management of a public house, restaurant and accommodation.

The company's objective is to build on the reputation gained for placing considerable emphasis on quality and individuality on their developments, accomplished by employing a core of skilled tradesmen on all sites, thereby achieving properties that withstand the test of time.

The company also aspires to respond sensitively to the environment by incorporating state of the art building materials to ensure that properties are constructed with maximum eco-friendliness in mind. Every effort is then made to provide external finishes which reflect local architectural features.

Results, Performance and Business Environment

The results for the financial period under review are set out on page 8.

The period ended 31 May 2016 was a successful period for K W Bell Group Limited.

The directors believe that the main business indicators are turnover, gross margin, EBITDA and cash generation. Performance of the company was as follows:

	Year Ended 31 May 2016 £'000	Year Ended 31 May 2015 £'000
House Building		
Turnover	12,146	10,392
Gross profit (%)	19	12
Houses sold	42	14
EBITDA	1,158	299
Total cash generated from all generations	1,024	(1,606)
Public House, Restaurant & Accommodation		
	2016 £'000	2015 £'000
Turnover	825	815
Gross profit (%)	28	30

The house building operations reported turnover which has increased by 16.9% on last year with the gross margin increasing to 18.9%. This has combined to produce an operating profit of £1,014,309. Turnover has been generated largely from sites bought during the recession resulting in the increased profitability. Market conditions continue to be excellent, with pent up demand for new housing coupled with incentives like 'Help to Buy' giving confidence that this will continue. Land and work in progress also consist of sites bought during the recession, so it is likely that the margins will continue to improve.

House prices remained strong through the year with margins increasing due to continued buoyancy in the housing market. Seeing the opportunities the strong housing market provided, the company has concentrated much more on private house sales and has moved away somewhat from contracts for Housing Associations and other private individuals where the gross profit margin is much lower.

K W Bell Group Limited is well positioned to take advantage of land opportunities and is actively pursuing new developments and pressing production on sites in their ownership.

K W BELL GROUP LIMITED

STRATEGIC REPORT *(continued)*

Year ended 31 May 2016

Strategy

The company's success is dependent on the building of quality housing within the marketplace, long standing experienced management and skilled workforce and the reputation built up by the company over the years.

Key Performance Indicators (KPI's)

The directors monitor the performance of the company's sales levels and profitability, both of which are shown above. The directors are of the opinion that further analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Principal Risks & Uncertainties

The main risks facing the company are the increases in material and labour costs, sourcing appropriate land for future developments and the potential economic volatility caused by the 'Brexit' vote. Tighter restrictions on consumer borrowing along with future increases in interest rates also could present significant risks to the company. The company's strategy is to actively mitigate and manage these risks and any consequences of a reduction in demand and supply within its control.

Future Developments

It is expected that the next few years will continue to bring ample opportunities for the company as lack of supply and strong demand for housing should continue to produce a strong market for the company's product. The company continues to work on new developments and together with the established management team and business strategy model have provided a firm foundation for growth within the existing operations and exploitation of the many opportunities available in the industry.

This report was approved by the board of directors on12/11/17..... and signed on behalf of the board by:



Mr K W Bell
Director



Mr J Bell
Company Secretary

K W BELL GROUP LIMITED

DIRECTORS' REPORT

Year ended 31 May 2016

The directors present their report and the financial statements of the company for the year ended 31 May 2016.

Directors

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

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

Mr A J Jones passed away on 13 June 2016.

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

K W BELL GROUP LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 May 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on12/1/17..... and signed on behalf of the board by:



Mr K W Bell
Director



Mr J Bell
Company Secretary

K W BELL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF K W BELL GROUP LIMITED

Year ended 31 May 2016

We have audited the financial statements of K W Bell Group Limited for the year ended 31 May 2016 which comprise the profit and loss account, balance sheet, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and 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 aware 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 company's affairs as at 31 May 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

K W BELL GROUP LIMITED

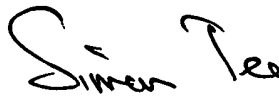
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF K W BELL GROUP LIMITED *(continued)*

Year ended 31 May 2016

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

 19th January 2017

Simon Tee (Senior Statutory Auditor)

For and on behalf of
Kilsby & Williams LLP
Chartered accountant & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

K W BELL GROUP LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2016

	Note	2016 £	2015 £
TURNOVER	4	12,970,337	11,207,269
Cost of sales		(10,405,243)	(9,682,915)
GROSS PROFIT		2,565,094	1,524,354
Administrative expenses		(1,847,876)	(1,582,967)
Other operating income	5	291,812	271,428
OPERATING PROFIT	6	1,009,030	212,815
Interest payable and similar charges	10	(65,039)	(53,262)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		943,991	159,553
Tax on profit on ordinary activities	11	(192,322)	(35,926)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>751,669</u>	<u>123,627</u>
Dividends paid and payable	12	(232,560)	–
RETAINED EARNINGS AT THE START OF THE YEAR		4,785,041	4,661,414
RETAINED EARNINGS AT THE END OF THE YEAR		<u>5,304,150</u>	<u>4,785,041</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 22 form part of these financial statements.

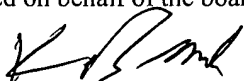
K W BELL GROUP LIMITED

BALANCE SHEET

31 May 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	13	1,533,779	1,319,513
CURRENT ASSETS			
Stocks	14	8,552,500	9,083,696
Debtors	15	728,191	1,068,792
Cash at bank and in hand		1,581,266	557,454
		<u>10,861,957</u>	<u>10,709,942</u>
CREDITORS: amounts falling due within one year	16	<u>(6,720,932)</u>	<u>(6,969,956)</u>
NET CURRENT ASSETS		<u>4,141,025</u>	<u>3,739,986</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,674,804</u>	<u>5,059,499</u>
CREDITORS: amounts falling due after more than one year	17	(181,852)	(126,777)
PROVISIONS			
Deferred tax	19	(38,802)	2,319
NET ASSETS		<u><u>5,454,150</u></u>	<u><u>4,935,041</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	132,000	132,000
Capital redemption reserve	24	18,000	18,000
Profit and loss account	24	5,304,150	4,785,041
MEMBERS FUNDS		<u><u>5,454,150</u></u>	<u><u>4,935,041</u></u>

These financial statements were approved by the board of directors and authorised for issue on ...12/11/17..., and are signed on behalf of the board by:



Mr K W Bell
Director

Company registration number: 01873421

The notes on pages 11 to 22 form part of these financial statements.

K W BELL GROUP LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 May 2016

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	751,669	123,627
<i>Adjustments for:</i>		
Depreciation of tangible assets	175,852	163,425
Interest payable and similar charges	65,039	53,262
Loss/(gains) on disposal of tangible assets	1,929	(321)
Tax on profit on ordinary activities	192,322	35,926
<i>Changes in:</i>		
Stocks	531,196	(3,952,619)
Trade and other debtors	321,597	(357,567)
Trade and other creditors	(881,867)	539,213
Cash generated from operations	1,157,737	(3,395,054)
Interest paid	(65,039)	(53,262)
Tax paid	(43,016)	(103,200)
Net cash from/(used in) operating activities	<u>1,049,682</u>	<u>(3,551,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(177,490)	(402,701)
Proceeds from sale of tangible assets	2,748	14,201
Net cash used in investing activities	<u>(174,742)</u>	<u>(388,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	843,168	(435,065)
Proceeds from loans from participating interests	(329,041)	2,748,836
Payments of finance lease liabilities	(138,015)	20,639
Dividends paid	(227,240)	—
Net cash from financing activities	<u>148,872</u>	<u>2,334,410</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,023,812	(1,605,606)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	557,454	2,163,060
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,581,266</u>	<u>557,454</u>

The notes on pages 11 to 22 form part of these financial statements.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2016

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Whimsey Industrial Estate, Cinderford, Gloucestershire, GL14 3JA.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 June 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic life of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Provisions

Provisions are included against amounts recoverable on contracts and potentially irrecoverable retentions. These provisions require management's best estimate based on a review of expected contract profitability and the future liquidity of contractors.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

3. ACCOUNTING POLICIES *(continued)*

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.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

Freehold Building	-	2% straight line
Leasehold Property	-	4% straight line
Fixtures & Fittings	-	10-25% straight line and reducing balance
Motor Vehicles	-	25% reducing balance

No depreciation is provided on freehold land.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

3. ACCOUNTING POLICIES *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately, with a corresponding provision for an onerous contract being recognised.

Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

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.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

3. ACCOUNTING POLICIES *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. TURNOVER

Turnover arises from:

	2016	2015
	£	£
Construction	12,145,787	10,391,900
Food and beverage	685,963	700,786
Accommodation	138,587	114,583
	<u>12,970,337</u>	<u>11,207,269</u>

The turnover is attributable to the UK based activities of the company.

5. OTHER OPERATING INCOME

	2016	2015
	£	£
Management charges receivable	285,212	264,828
Other operating income	6,600	6,600
	<u>291,812</u>	<u>271,428</u>

6. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Loss/(gains) on disposal of tangible assets	1,929	(321)
Impairment of trade debtors	<u>20,058</u>	<u>30,317</u>

7. AUDITOR'S REMUNERATION

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>9,250</u>	<u>9,250</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

8. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Production staff	31	32
Management staff	21	22
	<u>52</u>	<u>54</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	1,194,745	1,051,062
Other pension costs	84,932	49,709
	<u>1,279,677</u>	<u>1,100,771</u>

9. DIRECTORS' REMUNERATION

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	83,207	91,576
Company contributions to defined contribution pension plans	44,577	11,115
	<u>127,784</u>	<u>102,691</u>

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

	2016 No.	2015 No.
Defined contribution plans	<u>5</u>	<u>5</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Interest on banks loans and overdrafts	53,940	39,047
Interest on obligations under finance leases and hire purchase contracts	11,086	13,818
Other interest payable and similar charges	13	397
	<u>65,039</u>	<u>53,262</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	155,636	47,452
Adjustments in respect of prior periods	(4,435)	–
Total current tax	<u>151,201</u>	<u>47,452</u>
Deferred tax:		
Origination and reversal of timing differences	41,121	(11,526)
Tax on profit on ordinary activities	<u>192,322</u>	<u>35,926</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>943,991</u>	<u>159,553</u>
Profit on ordinary activities by rate of tax	188,798	31,911
Adjustment to tax charge in respect of prior periods	(219)	–
Effect of expenses not deductible for tax purposes	3,743	3,096
Marginal relief / rate differences	–	919
Tax on profit on ordinary activities	<u>192,322</u>	<u>35,926</u>

12. DIVIDENDS

	2016 £	2015 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>232,560</u>	<u>–</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

13. TANGIBLE ASSETS

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 June 2015	786,637	699,626	1,003,804	197,297	2,687,364
Additions	—	51,176	248,194	95,425	394,795
Disposals	—	(29,724)	(50,503)	—	(80,227)
Transfers	292,722	—	—	(292,722)	—
At 31 May 2016	<u>1,079,359</u>	<u>721,078</u>	<u>1,201,495</u>	<u>—</u>	<u>3,001,932</u>
Depreciation					
At 1 June 2015	195,118	561,757	610,976	—	1,367,851
Charge for the year	14,544	37,051	124,257	—	175,852
Disposals	—	(28,295)	(47,255)	—	(75,550)
At 31 May 2016	<u>209,662</u>	<u>570,513</u>	<u>687,978</u>	<u>—</u>	<u>1,468,153</u>
Carrying amount					
At 31 May 2016	<u>869,697</u>	<u>150,565</u>	<u>513,517</u>	<u>—</u>	<u>1,533,779</u>
At 31 May 2015	<u>591,519</u>	<u>137,869</u>	<u>392,828</u>	<u>197,297</u>	<u>1,319,513</u>

The investment property was valued on an open market basis on 31 May 2013 by the directors.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
At 31 May 2016	<u>442,954</u>
At 31 May 2015	<u>344,818</u>

14. STOCKS

	2016 £	2015 £
Stock	267,282	2,087,526
Work in progress	<u>8,285,218</u>	<u>6,996,170</u>
	<u>8,552,500</u>	<u>9,083,696</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

15. DEBTORS

	2016	2015
	£	£
Trade debtors	295,992	472,070
Amounts owed by group undertakings	–	22
Amounts owed by customers on construction contracts	35,800	229,020
Prepayments and accrued income	137,932	131,720
Other debtors	258,467	235,960
	<u>728,191</u>	<u>1,068,792</u>

16. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Bank loans and overdrafts	1,757,542	914,374
Trade creditors	1,205,630	1,786,910
Amounts owed to undertakings in which the company has a participating interest	2,624,980	3,130,500
Accruals and deferred income	162,784	98,046
Corporation tax	155,637	47,452
Social security and other taxes	24,820	25,306
Obligations under finance leases and hire purchase contracts	245,701	221,486
Director loan accounts	227,240	–
Other creditors	316,598	745,882
	<u>6,720,932</u>	<u>6,969,956</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.

17. CREDITORS: amounts falling due after more than one year

	2016	2015
	£	£
Obligations under finance leases and hire purchase contracts	<u>181,852</u>	<u>126,777</u>

18. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016	2015
	£	£
Not later than 1 year	245,701	221,485
Later than 1 year and not later than 5 years	181,852	126,778
	<u>427,553</u>	<u>348,263</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

19. PROVISIONS

	Deferred tax (note 20) £
At 1 June 2015 and 31 May 2016	<u>38,802</u>

20. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2016 £	2015 £
Included in provisions (note 19)	<u>38,802</u>	<u>(2,319)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Accelerated capital allowances	<u>38,802</u>	<u>(2,319)</u>

The net deferred tax liability is expected to increase in 2017 by £24,855. This primarily relates to the origination of new timing differences on tangible fixed assets.

21. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £84,932 (2015: £49,709).

22. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>586,717</u>	<u>878,746</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>6,743,152</u>	<u>7,032,797</u>

23. CALLED UP SHARE CAPITAL

Authorised share capital

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

23. CALLED UP SHARE CAPITAL *(continued)*

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>132,000</u>	<u>132,000</u>	<u>132,000</u>	<u>132,000</u>

24. RESERVES

Called up share capital - this represents the nominal value of shares that have been issued.

Capital redemption reserve - this reserve records the nominal value of shares repurchased by the company.

Profit and loss account - this includes all current and prior period retained profits and losses.

25. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Later than 5 years	<u>35,200</u>	<u>35,200</u>

26. CONTINGENCIES

The company has entered into guarantees which at 31 May 2016 totalled £577,203. No liability is expected to arise from these.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

27. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year the directors entered into the following advances and credits with the company:

	2016			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr K W Bell	—	138,372	(50)	138,322
Mr P A Bell	—	88,918	—	88,918
Mr S Jelf	—	6,270	(6,270)	—
	<u>—</u>	<u>233,560</u>	<u>(6,320)</u>	<u>227,240</u>

	2015			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
Mr K W Bell	—	—	—	—
Mr P A Bell	—	—	—	—
Mr S Jelf	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2016

28. RELATED PARTY TRANSACTIONS

The company was under the control of Mr K W Bell throughout the current and previous year. Mr K W Bell is the majority shareholder.

During the year the following dividends were paid to the following directors:

	2016	2015
	£	£
K W Bell	137,372	—
P A Bell	88,918	—
A J Jones	—	—
J Bell	—	—
S Jelf	6,270	—
	<u>232,560</u>	<u>—</u>

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 £- (2015 - £20) from this partnership. At 31 May 2016 there was a balance of £24 (2015 - £24 due from) due to this business by the company.

K W Bell and P A Bell also hold 100% of the share capital of Bell Plant Limited. The company provided services and sold assets to Bell Plant Limited to the value of £101,519 (2015 - £113,867). At the year end there was a balance due from Bell Plant Limited of £20,801 (2015 - £8,797).

K W Bell Group Limited also provided services totalling £1,279,819 (2015 - £1,159,468) 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 £2,667,426 (2015 - £1,874,801) during the year. The balance due to Bell Contracting Limited at the year end was £2,645,805 (2015 - £3,139,321).

Payments of £35,200 (2015 - £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.

During the year the company provided services to Mr K W Bell amounting to £535,500 (2015 - £nil).

All transactions were entered into on an arms length basis.

29. TRANSITION TO FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 June 2014.

No transitional adjustments were required in equity or profit or loss for the year.