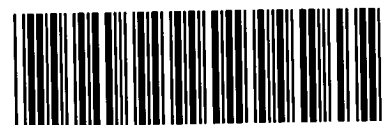


COMPANY REGISTRATION NUMBER: 01873421

K W BELL GROUP LIMITED
FINANCIAL STATEMENTS
31 MAY 2017

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K W BELL GROUP LIMITED

FINANCIAL STATEMENTS

Year ended 31 May 2017

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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 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 2017

The directors present their strategic report for the year ended 31 May 2017.

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 2017 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 2017 £'000	Year Ended 31 May 2016 £'000
House Building		
Turnover	14,489	12,146
Gross profit (%)	25	19
Houses sold	61	42
EBITDA	2,398	1,158
Total cash generated from all operations	(872)	1,024
Public House, Restaurant & Accommodation		
	2017 £'000	2016 £'000
Turnover	914	825
Gross profit (%)	31	28

The house building operations reported turnover which has increased by 19.2% on last year with the gross margin increasing to 24.7%. This has combined to produce an operating profit of £2,210,776. Turnover has continued to be generated largely from sites bought during the recession resulting in a continued increase in profitability. Market conditions remain very strong, with the continued shortage of supply and incentives like 'Help to Buy' giving confidence that this will continue. Land and work in progress still contain a large proportion of sites with an expected high margin, so it is likely that the profitability will remain good for the foreseeable future.

Seeing the opportunities available with a strong housing market, the company has continued to concentrate 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. Using the company's resources and skills in this manner is continuing to prove a profitable strategy.

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. Three sizeable land purchases were secured

K W BELL GROUP LIMITED

STRATEGIC REPORT *(continued)*

Year ended 31 May 2017

and paid during the final quarter of the financial year which should provide the backbone of upcoming years.

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 on 12/01/2018..... 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 2017

The directors present their report and the financial statements of the company for the year ended 31 May 2017.

Directors

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

Mr K W Bell
Mr P A Bell
Mr J Bell
Mr S Jelf
Mr A J Jones (Died 13 June 2016)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

Expected future developments of the company and group are outlined within the Strategic Report on pages 2 to 3 of 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 2017

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 on 12/01/2018..... 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 2017

We have audited the financial statements of K W Bell Group Limited for the year ended 31 May 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity, 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.

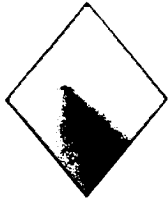
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 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.



**KILSBY
WILLIAMS**
Chartered Accountants

K W BELL GROUP LIMITED

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

Year ended 31 May 2017

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.

Simon Tee 17th January 2018

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 2017

	Note	2017 £	2016 £
TURNOVER	4	15,402,759	12,970,337
Cost of sales		(11,550,173)	(10,405,243)
GROSS PROFIT		3,852,586	2,565,094
Administrative expenses		(1,884,097)	(1,847,876)
Other operating income	5	275,474	291,812
OPERATING PROFIT	6	2,243,963	1,009,030
Other interest receivable and similar income	10	50	–
Interest payable and similar expenses	11	(45,787)	(65,039)
PROFIT BEFORE TAXATION		2,198,226	943,991
Tax on profit	12	(439,163)	(192,322)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>1,759,063</u>	<u>751,669</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to Error! Bookmark not defined. form part of these financial statements.

K W BELL GROUP LIMITED

BALANCE SHEET

31 May 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	14	1,657,115	1,533,779
Investments	15	2	2
		<u>1,657,117</u>	<u>1,533,781</u>
CURRENT ASSETS			
Stocks	16	10,337,470	8,552,500
Debtors	17	442,737	728,191
Cash at bank and in hand		709,757	1,581,264
		<u>11,489,964</u>	<u>10,861,955</u>
CREDITORS: amounts falling due within one year	18	(5,911,869)	(6,720,932)
NET CURRENT ASSETS		<u>5,578,095</u>	<u>4,141,023</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,235,212</u>	<u>5,674,804</u>
CREDITORS: amounts falling due after more than one year	19	(254,229)	(181,852)
PROVISIONS			
Deferred tax	21	(25,641)	(38,802)
NET ASSETS		<u>6,955,342</u>	<u>5,454,150</u>
CAPITAL AND RESERVES			
Called up share capital	25	129,000	132,000
Capital redemption reserve	26	21,000	18,000
Profit and loss account	26	6,805,342	5,304,150
SHAREHOLDERS FUNDS		<u>6,955,342</u>	<u>5,454,150</u>

These financial statements were approved by the board of directors and authorised for issue on 12/01/2018, and are signed on behalf of the board by:



Mr K W Bell
Director

Company registration number: 01873421

The notes on pages 12 to Error! Bookmark not defined. form part of these financial statements.

K W BELL GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 May 2017

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
AT 1 JUNE 2015	132,000	18,000	4,785,041	4,935,041
Profit for the year	—	—	751,669	751,669
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	751,669	751,669
Dividends paid and payable 13	—	—	(232,560)	(232,560)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	—	—	(232,560)	(232,560)
AT 31 MAY 2016	132,000	18,000	5,304,149	5,454,149
Profit for the year	—	—	1,759,063	1,759,063
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	1,759,063	1,759,063
Dividends paid and payable 13	—	—	(132,870)	(132,870)
Cancellation of subscribed capital	(3,000)	3,000	(125,000)	(125,000)
TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS	(3,000)	3,000	(257,870)	(257,870)
AT 31 MAY 2017	<u>129,000</u>	<u>21,000</u>	<u>6,805,342</u>	<u>6,955,342</u>

The notes on pages 12 to Error! Bookmark not defined. form part of these financial statements.

K W BELL GROUP LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 May 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,759,063	751,669
<i>Adjustments for:</i>		
Depreciation of tangible assets	221,139	175,852
Other interest receivable and similar income	(50)	–
Interest payable and similar expenses	45,787	65,039
Loss on disposal of tangible assets	9,217	1,929
Tax on profit	439,163	192,322
<i>Changes in:</i>		
Stocks	(1,784,970)	531,196
Trade and other debtors	285,454	321,597
Trade and other creditors	190,253	(881,869)
Cash generated from operations	1,165,056	1,157,735
Interest paid	(45,787)	(65,039)
Interest received	50	–
Tax paid	(155,637)	(43,016)
Net cash from operating activities	<u>963,682</u>	<u>1,049,680</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(54,524)	(177,490)
Proceeds from sale of tangible assets	34,463	2,748
Net cash used in investing activities	<u>(20,061)</u>	<u>(174,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of own shares	(125,000)	–
Proceeds from loans from group undertakings	(241,252)	2,624,980
Proceeds from loans from participating interests	241,252	(2,624,980)
Payments of finance lease liabilities	(218,328)	(138,015)
Dividends paid	(132,870)	(232,560)
Funds introduced/(repaid) to directors	306,623	5,320
(Repayment)/proceeds from loan from related undertaking	(378,011)	(329,041)
(Repayment)/proceeds from bank loans	(1,267,542)	843,168
Net cash (used in)/from financing activities	<u>(1,815,128)</u>	<u>148,872</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(871,507)</u>	<u>1,023,810</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,581,264</u>	<u>557,454</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>709,757</u>	<u>1,581,264</u>

The notes on pages 12 to Error! Bookmark not defined. form part of these financial statements.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2017

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.

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.

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.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

3. ACCOUNTING POLICIES *(continued)*

Turnover *(continued)*

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.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

3. ACCOUNTING POLICIES *(continued)*

Investments in associates *(continued)*

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

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.

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.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

3. ACCOUNTING POLICIES *(continued)*

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.

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.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

4. TURNOVER

Turnover arises from:

	2017	2016
	£	£
Construction	14,488,798	12,145,787
Food and beverage	722,944	685,963
Accommodation	191,017	138,587
	<u>15,402,759</u>	<u>12,970,337</u>

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

5. OTHER OPERATING INCOME

	2017	2016
	£	£
Management charges receivable	268,874	285,212
Other operating income	6,600	6,600
	<u>275,474</u>	<u>291,812</u>

6. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Loss on disposal of tangible assets	9,217	1,929
Impairment of trade debtors	2,930	20,058
	<u>12,147</u>	<u>21,987</u>

7. AUDITOR'S REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>9,250</u>	<u>9,250</u>

8. STAFF COSTS

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

	2017	2016
	No.	No.
Production staff	33	31
Management staff	19	21
	<u>52</u>	<u>52</u>

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

	2017	2016
	£	£
Wages and salaries	1,209,150	1,194,745
Other pension costs	47,368	84,932
	<u>1,256,518</u>	<u>1,279,677</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

9. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	89,129	83,207
Company contributions to defined contribution pension plans	7,327	44,577
	<u>96,456</u>	<u>127,784</u>

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

	2017	2016
	No.	No.
Defined contribution plans	<u>3</u>	<u>5</u>

10. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Other interest receivable	<u>50</u>	<u>–</u>

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Interest on banks loans and overdrafts	35,237	53,940
Interest on obligations under finance leases and hire purchase contracts	10,556	11,086
Other interest payable and similar charges	(6)	13
	<u>45,787</u>	<u>65,039</u>

12. TAX ON PROFIT

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	452,324	155,636
Adjustments in respect of prior periods	–	(4,435)
Total current tax	<u>452,324</u>	<u>151,201</u>
Deferred tax:		
Origination and reversal of timing differences	(13,161)	41,121
Tax on profit	<u>439,163</u>	<u>192,322</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

12. TAX ON PROFIT *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	2,198,226	943,991
Profit on ordinary activities by rate of tax	439,645	188,798
Adjustment to tax charge in respect of prior periods	–	(219)
Effect of expenses not deductible for tax purposes	1,406	3,743
Change in tax rates	(1,888)	–
Tax on profit	<u>439,163</u>	<u>192,322</u>

13. DIVIDENDS

	2017	2016
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>132,870</u>	<u>232,560</u>

14. TANGIBLE ASSETS

	Freehold property	Long leasehold property	Short leasehold property	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 Jun 2016	931,403	30,743	117,213	721,078	1,201,495	3,001,932
Additions	–	–	9,907	39,666	338,582	388,155
Disposals	–	–	–	(10,076)	(242,860)	(252,936)
Transfers	127,120	–	(127,120)	–	–	–
At 31 May 2017	<u>1,058,523</u>	<u>30,743</u>	<u>–</u>	<u>750,668</u>	<u>1,297,217</u>	<u>3,137,151</u>
Depreciation						
At 1 Jun 2016	180,619	29,043	–	570,513	687,978	1,468,153
Charge for the year	18,448	102	–	37,243	165,346	221,139
Disposals	–	–	–	(5,224)	(204,032)	(209,256)
At 31 May 2017	<u>199,067</u>	<u>29,145</u>	<u>–</u>	<u>602,532</u>	<u>649,292</u>	<u>1,480,036</u>
Carrying amount						
At 31 May 2017	<u>859,456</u>	<u>1,598</u>	<u>–</u>	<u>148,136</u>	<u>647,925</u>	<u>1,657,115</u>
At 31 May 2016	<u>750,784</u>	<u>1,700</u>	<u>117,213</u>	<u>150,565</u>	<u>513,517</u>	<u>1,533,779</u>

The investment property was transferred to property plant and equipment as the directors do not believe that fair value can be measured without undue cost or effort.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

14. TANGIBLE ASSETS *(continued)*

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 2017	527,986
At 31 May 2016	<u>442,954</u>

Capital commitments

	2017 £	2016 £
Contracted for but not provided for in the financial statements	<u>111,221</u>	<u>–</u>

15. INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 June 2016 and 31 May 2017	<u>2</u>
Impairment	
At 1 June 2016 and 31 May 2017	<u>–</u>
Carrying amount	
At 31 May 2017	<u>2</u>
At 31 May 2016	<u>2</u>

16. STOCKS

	2017 £	2016 £
Stock	4,236,253	267,282
Work in progress	6,101,217	8,285,218
	<u>10,337,470</u>	<u>8,552,500</u>

17. DEBTORS

	2017 £	2016 £
Trade debtors	128,962	295,992
Amounts owed by customers on construction contracts	78,500	35,800
Prepayments and accrued income	153,346	137,932
Other debtors	81,929	258,467
	<u>442,737</u>	<u>728,191</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

18. CREDITORS: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	490,000	1,757,542
Trade creditors	1,193,377	1,205,630
Amounts owed to group undertakings	2,383,728	2,624,980
Accruals and deferred income	216,664	162,784
Corporation tax	452,324	155,637
Social security and other taxes	33,823	24,820
Obligations under finance leases and hire purchase contracts	288,627	245,701
Director loan accounts	533,863	227,240
Other creditors	319,463	316,598
	<u>5,911,869</u>	<u>6,720,932</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.

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

	2017	2016
	£	£
Obligations under finance leases and hire purchase contracts	<u>254,229</u>	<u>181,852</u>

20. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

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

	2017	2016
	£	£
Not later than 1 year	288,627	245,701
Later than 1 year and not later than 5 years	254,229	181,852
	<u>542,856</u>	<u>427,553</u>

21. PROVISIONS

	Deferred tax (note 22)
	£
At 1 June 2016	38,802
Additions	(13,161)
At 31 May 2017	<u>25,641</u>

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

22. DEFERRED TAX

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

	2017	2016
	£	£
Included in provisions (note 21)	<u>25,641</u>	<u>38,802</u>

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

	2017	2016
	£	£
Accelerated capital allowances	26,399	38,802
Deferred tax - other timing differences	(758)	–
	<u>25,641</u>	<u>38,802</u>

The net deferred tax liability is expected to increase in 2018 by £26,500. This primarily relates to the origination of new timing differences on tangible fixed assets.

23. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £40,041 (2016: £40,355).

24. FINANCIAL INSTRUMENTS

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

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>292,180</u>	<u>586,717</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>5,385,283</u>	<u>6,743,152</u>

25. CALLED UP SHARE CAPITAL

Authorised share capital

	2017		2016
	No.	£	No.
	200,000	200,000	200,000
Ordinary shares of £1 each	<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 2017

25. CALLED UP SHARE CAPITAL *(continued)*

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>129,000</u>	<u>129,000</u>	<u>132,000</u>	<u>132,000</u>

Share movements

	No.	£
Ordinary		
At 1 June 2016	132,000	132,000
Shares cancelled	<u>(3,000)</u>	<u>(3,000)</u>
At 31 May 2017	<u>129,000</u>	<u>129,000</u>

On 27 February 2017 3,000 ordinary shares with an aggregate nominal value of £3,000 were purchased by the company and subsequently cancelled. The ordinary shares were acquired for a consideration of £125,000 and represented 2.3% of the called up ordinary share capital immediately prior to the acquisition. These shares were acquired in order to buy back the shares from the estate of Mr A J Jones who passed away on 13 June 2016.

26. 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.

27. OPERATING LEASES

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

	2017	2016
	£	£
Later than 5 years	<u>35,200</u>	<u>35,200</u>

28. CONTINGENCIES

The company has entered into guarantees which at 31 May 2017 totalled £1,024,755. No liability is expected to arise from these.

K W BELL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

29. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included in other creditors are the following balances due to directors:

	2017	2016
	£	£
Director's loan account - K W Bell	392,744	138,322
Director's loan account - P A Bell	137,121	88,918
Director's loan account - J Bell	3,998	–
	<u>533,863</u>	<u>227,240</u>

The director's loan accounts are unsecured, interest free and repayable on demand.

During the year dividends of £132,870 (2016 - £232,560) were paid to the directors.

On 27 February 2017 the company purchased 3,000 ordinary shares from the Estate of Mr A J Jones who passed away on 13 June 2016 for £125,000.

30. 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.

K W Bell and P A Bell 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 £115,659 (2016 - £101,659). At the year end there was a balance due from Bell Plant Limited of £24,797 (2016 - £20,801).

K W Bell Group Limited also provided services totalling £1,303,092 (2016 - £1,279,819) 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 £3,068,438 (2016 - £2,667,426) during the year. The balance due to Bell Contracting Limited at the year end was £2,408,525 (2016 - £2,645,805).

Payments of £35,200 (2016 - £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 £104,500 (2016 - £535,500). At the year end there was a balance due from Mr K W Bell of £9,000 (2016 - £18,500).