

THE KELBROOK MILL COMPANY LIMITED

REPORT & ACCOUNTS

YEAR ENDED : 30 SEPTEMBER 2001



THE KELBROOK MILL COMPANY LIMITED

Directors

L P Smith
P F Baldwin
R K Hendry
D L King
R M Macintyre

Secretary

P F Baldwin

Registered Office

1 Carr Road
Nelson

Registered Number

58950

REPORT AND ACCOUNTS

YEAR ENDED : 30 SEPTEMBER 2001

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THE KELBROOK MILL COMPANY LIMITED
REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the accounts for the company's year ended 30 September 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is the letting of its premises.

REVIEW OF BUSINESS

A summary of the results for the year is given on page 3 of the accounts.

The premises were almost fully occupied throughout the year resulting in an increase of rental income of 34%.

This provided the opportunity to increase expenditure on repairs by £9,000 and improve the overall state of the buildings, whilst still producing a rise in profits after tax of 22%.

All tenants are on short term leases and therefore sudden reductions in income may be experienced.

The main mill building remained uninsured because the insurance premium was too high to be carried by the company or passed on to the tenants.

DIVIDENDS

A 1st interim dividend of £1.10 per share was paid in July 2001 followed by a 2nd interim dividend of £1.20 per share in December 2001.

The total dividend paid of £2.30 represents an increase of 15% on the previous year.

The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors and the number of shares in which they were interested, including family interests, during the year were as follows:

	<u>30.9.01</u>	<u>30.9.00</u>
L P Smith Chairman	585	585
P F Baldwin	150	150
R K Hendry	1,025	1,025
D L King	3,045	3,045
R M Macintyre	420	420

The retiring directors are Mr P F Baldwin and Mr L P Smith who are eligible and offer themselves for re-election.

THE KELBROOK MILL COMPANY LIMITED**REPORT OF THE DIRECTORS** cont. 1**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

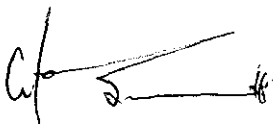
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLOSE COMPANY PROVISIONS

The company does not fall within the definition of a close company under the Income and Corporation Taxes Act 1988.

On behalf of the Board,

A handwritten signature in black ink, appearing to be 'L P Smith', written over a horizontal line.

L P SMITH

Chairman

26 February 2002

THE KELBROOK MILL COMPANY LIMITED

PROFIT & LOSS ACCOUNT

YEAR ENDED : 30 SEPTEMBER 2001

<u>2000</u> £		<u>Note</u>	£	£
65,856	TURNOVER (Rental Income)			88,412
10,281	Establishment expenses		19,166	
<u>23,867</u> (34,148)	Administrative expenses		<u>23,403</u>	(42,569)
31,708	OPERATING PROFIT	2		45,843
4,732	Profit (loss) on disposals of investments			(17)
	INVESTMENT INCOME			
4,388	From listed investments		4,928	
<u>650</u> 5,038	Bank deposit interest		<u>918</u>	5,846
	PROFIT on ordinary activities before taxation			51,672
(6,454)	TAXATION	4		(8,700)
35,024	PROFIT on ordinary activities after taxation			42,972
	DIVIDENDS			
14,235	1 st interim dividend paid of £1.10 per share		15,658	
<u>14,235</u> (28,470)	Proposed 2 nd interim dividend of £1.20 per share		<u>17,082</u>	(32,740)
6,554	RETAINED PROFIT for the YEAR	13		10,232

CONTINUING OPERATIONS

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

THE KELBROOK MILL COMPANY LIMITED

BALANCE SHEET

AS AT : 30 SEPTEMBER 2001

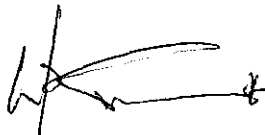
<u>2000</u> £		<u>Note</u>	£	£
	FIXED ASSETS			
292,717	Tangible assets	5	291,375	
<u>29,837</u>	Investments	6	<u>28,670</u>	
322,554				320,045
	CURRENT ASSETS			
250	Stock	7	225	
46,344	Debtors	8	47,204	
<u>48,346</u>	Cash at bank		<u>63,496</u>	
94,940			110,925	
	CREDITORS: amounts falling due			
(30,668)	within one year	9	(33,912)	
64,272	NET CURRENT ASSETS			77,013
386,826	NET ASSETS			397,058
	CAPITAL & RESERVES			
71,175	Called-up share capital	10	71,175	
10,350	Capital redemption reserve	11	10,350	
154,062	Revaluation reserve	12	154,062	
151,239	Profit and loss account	13	161,471	
386,826	SHAREHOLDERS' FUNDS	14		397,058

THE KELBROOK MILL COMPANY LIMITED**BALANCE SHEET** cont. 1

For the financial year ended 30 September 2001 the company was entitled to exemption from audit under section 249A(1) Companies Act 1985; and no notice has been deposited under section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the year and of its profit for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirement of the Companies Act 1985, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors,

A handwritten signature in black ink, appearing to be 'L P SMITH', with a stylized flourish at the end.

L P SMITH

Director

Approved by the board : 26 February 2002

THE KELBROOK MILL COMPANY LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED : 30 SEPTEMBER 2001

1. ACCOUNTING POLICIES

a) Basis of Accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

b) Turnover

Turnover represents total rents receivable.

c) Tangible Fixed Assets

No depreciation is provided on freehold land and buildings which have been revalued, in accordance with the provisions of Statement of Standard Accounting Practice No. 19, on the basis of existing tenancies.

Depreciation is provided on plant and equipment at the rate of 10% or 15% p.a. on cost in order to write off each asset over its estimated useful life.

d) Deferred Taxation

Provision is made for deferred taxation on timing differences relating to plant and equipment, but not to freehold buildings, as the directors are of the opinion that no liability is likely to arise in the foreseeable future.

The potential liability for deferred taxation relating to freehold buildings is £15,900 (2000 £15,300).

e) Stocks

Stocks are valued at cost.

f) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

2. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2001</u>	<u>2000</u>
	£	£
Depreciation of tangible fixed assets	1,342	1,696
Staff costs (note 3)	13,615	10,000
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THE KELBROOK MILL COMPANY LIMITED

NOTES cont. 1

3. STAFF COSTS

	<u>2001</u>	<u>2000</u>
	£	£
Directors' remuneration	13,500	10,000
Social security costs	<u>115</u>	<u>-</u>
	<u>13,615</u>	<u>10,000</u>

The 5 directors were the only employees of the company (2000 5).

4. TAXATION

The tax charge on the profit on ordinary activities for the year comprises:

Corporation tax payable at 20% (2000 19.6%)	<u>8,700</u>	<u>6,454</u>
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If full provision had been made for the potential amount of deferred tax the tax charge for the year would have been increased by £660 (2000 £650).

5. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u>	<u>Plant & Equipment</u>	<u>Total</u>
	£	£	£
<i>Cost or valuation</i>			
At 30 September 2000/2001	<u>290,000</u>	<u>67,883</u>	<u>357,883</u>
<i>Depreciation</i>			
At 30 September 2000		65,166	65,166
Provided in the year		<u>1,342</u>	<u>1,342</u>
At 30 September 2001		<u>66,508</u>	<u>66,508</u>
<i>Net Book Value</i>			
At 30 September 2001	<u>290,000</u>	<u>1,375</u>	<u>291,375</u>
At 30 September 2000	<u>290,000</u>	<u>2,717</u>	<u>292,717</u>

The valuation of freehold land and buildings was reviewed as at 30 September 1999 by an independent firm of chartered surveyors. In their opinion the total value of the company's premises was £290,000.

The historical cost of freehold land and buildings is £135,938 (2000 £135,938).

There is no potential tax liability arising on the revaluation surplus (2000 Nil).

THE KELBROOK MILL COMPANY LIMITED

NOTES cont. 2

6. INVESTMENTS

	<u>2001</u> £	<u>2000</u> £
Investments listed on a recognised stock exchange, at cost	28,670	29,837
Market value	163,942	172,407
Potential tax liability on market value	23,000	24,300

7. STOCKS

Consumable stores	225	250
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8. DEBTORS

Due within one year:

Trade debtors	46,714	42,444
Prepayments	490	467
Advance corporation tax	-	3,433
	47,204	46,344

9. CREDITORS

Amounts falling due within one year:

Trade creditors	1,022	5,649
Social security and other taxes	5,176	2,485
Accruals and deferred income	1,932	1,845
Proposed dividend	17,082	14,235
Corporation tax	8,700	6,454
	33,912	30,668

10. CALLED-UP SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
<i>Authorised</i>		
20,000 ordinary shares of £5 each	100,000	100,000
<i>Allotted, issued and fully paid</i>		
At 30 September 2000/2001 : 14,235 shares	71,175	71,175

THE KELBROOK MILL COMPANY LIMITED

NOTES cont. 3

11. CAPITAL REDEMPTION RESERVE

At 30 September 2000/2001	10,350
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The reserve represents the nominal value of 2,070 shares purchased from shareholders.

12. REVALUATION RESERVE

At 30 September 2000/2001	154,062
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13. PROFIT & LOSS ACCOUNT

As at 30 September 2000	151,239
Retained profit	<u>10,232</u>
At 30 September 2001	<u>161,471</u>

14. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	<u>2001</u>	<u>2000</u>
	£	£
Profit for the financial year after taxation	42,972	35,024
Dividends	<u>(32,740)</u>	<u>(28,470)</u>
	10,232	6,554
Opening shareholders' funds		
at 30 September 2000	<u>386,826</u>	<u>380,272</u>
Closing shareholders' funds		
at 30 September 2001	<u>397,058</u>	<u>386,826</u>

15. CAPITAL COMMITMENTS

There were no commitments for capital expenditure (2000 Nil).

16. RELATED PARTY TRANSACTIONS

The company's accounting and secretarial functions were managed by Jacksons Proctor & Proctor of whom Mr P F Baldwin is a partner.

The amount paid for the services on a normal commercial basis was:

2001	£3,685
2000	<u>£3,570</u>