

THE KELBROOK MILL COMPANY LIMITED

REPORT & ACCOUNTS

YEAR ENDED : 30 SEPTEMBER 2000



# **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

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## **REPORT AND ACCOUNTS**

**YEAR ENDED : 30 SEPTEMBER 2000**

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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 2000.

**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.

Rental income fell again by 8% as a result of the loss of the company's largest tenant at the beginning of the year and the time lag in re-letting the space.

However the reduction in income was more than compensated for by a fall in total expenses of 33% and the result was that pre-tax profits increased by 48%.

It is hoped that rental income will increase in the current year but all tenants are on short term leases and therefore a sudden reduction 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.

**AUDIT OF ACCOUNTS**

At the AGM held on 1 April 2000 a resolution to alter the Articles of Association to allow the company to be exempted from audit of its Accounts was approved.

Under the provisions of Section 249A(1) of the Companies Act 1985 a company is entitled to exemption from audit of its accounts if its turnover does not exceed £1 million.

As the company's turnover was only £65,856 the directors decided to take advantage of the exemption and dispense with an audit of the 2000 Accounts, making a modest cost saving in the process.

Under Section 249B(2) of the Companies Act 1985 shareholders representing not less than 10% in nominal value of a company's issued share capital may require an audit to be carried out in any particular year.

**DIVIDENDS**

A 1<sup>st</sup> interim dividend of £1 per share was paid in July 2000 followed by a 2<sup>nd</sup> interim dividend of £1 per share in December 2000.

The total dividend paid of £2 represents an increase of 33% 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>30.9.00</u>	<u>30.9.99</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 D L King and Mr R M Macintyre 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 vertical line.

L P SMITH,

**Chairman**

28 February 2001

**THE KELBROOK MILL COMPANY LIMITED**

**PROFIT & LOSS ACCOUNT**

**YEAR ENDED : 30 SEPTEMBER 2000**

<u>1999</u> £		<u>Note</u>	£	£
71,367	<b>TURNOVER</b> (Rental Income)			65,856
16,697	Establishment expenses		10,281	
<u>34,192</u> (50,889)	Administrative expenses		<u>23,867</u>	(34,148)
20,478	<b>OPERATING PROFIT</b>	2		31,708
2,210	Profit on disposals of investments			4,732
	<b>INVESTMENT INCOME</b>			
4,996	From listed investments		4,388	
<u>366</u> 5,362	Bank deposit interest		<u>650</u>	5,038
28,050	<b>PROFIT</b> on ordinary activities before taxation			41,478
(4,310)	<b>TAXATION</b>	4		(6,454)
23,740	<b>PROFIT</b> on ordinary activities after taxation			35,024
	<b>DIVIDENDS</b>			
14,235	1 <sup>st</sup> interim dividend paid of £1 per share		14,235	
<u>7,117</u> (21,352)	Proposed 2 <sup>nd</sup> interim dividend of £1 per share		<u>14,235</u>	(28,470)
2,388	<b>RETAINED PROFIT for the YEAR</b>	13		6,554

**CONTINUING OPERATIONS**

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

**Statement of Total Recognised Gains and Losses**

**Year Ended 30 September 2000**

	<u>2000</u> £	<u>1999</u> £
Profit on ordinary activities after taxation	35,024	23,740
Unrealised surplus on revaluation of property	—	<u>23,267</u>
Total recognised gains for the year	<u>35,024</u>	<u>47,007</u>

## THE KELBROOK MILL COMPANY LIMITED

## BALANCE SHEET

AS AT : 30 SEPTEMBER 2000

<u>1999</u> £		<u>Note</u>	£	£
	<b>FIXED ASSETS</b>			
294,413	Tangible assets	5	292,717	
<u>25,121</u>	Investments	6	<u>29,837</u>	
319,534				322,554
	<b>CURRENT ASSETS</b>			
275	Stock	7	250	
51,644	Debtors	8	46,344	
<u>28,395</u>	Cash at bank		<u>48,346</u>	
80,314			94,940	
	<b>CREDITORS: amounts falling due</b>			
(19,576)	within one year	9	(30,668)	
60,738	<b>NET CURRENT ASSETS</b>			64,272
380,272	<b>NET ASSETS</b>			386,826
	<b>CAPITAL &amp; RESERVES</b>			
71,175	Called-up share capital	10	71,175	
10,350	Capital redemption reserve	11	10,350	
154,062	Revaluation reserve	12	154,062	
144,685	Profit and loss account	13	151,239	
380,272	<b>SHAREHOLDERS' FUNDS</b>	14		386,826

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

For the financial year ended 30 September 2000 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,



L P SMITH

**Director**

Approved by the board : 28 February 2001

**THE KELBROOK MILL COMPANY LIMITED**

**NOTES TO THE ACCOUNTS**

**YEAR ENDED : 30 SEPTEMBER 2000**

**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 £15,300 (1999 £14,600).

**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>2000</u>	<u>1999</u>
	£	£
Depreciation of tangible fixed assets	1,696	3,250
Staff costs (note 3)	10,000	10,020
Auditors remuneration	-	515
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# THE KELBROOK MILL COMPANY LIMITED

## NOTES cont. 1

### 3. STAFF COSTS

	<u>2000</u>	<u>1999</u>
	£	£
Directors' remuneration	10,000	10,000
Social security costs	-	20
	<u>10,000</u>	<u>10,020</u>

The 5 directors were the only employees of the company (1999 5).

### 4. TAXATION

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

Tax credits on investment income	-	456
Corporation tax payable at 19.6% (1999 20.5%)	6,454	3,854
	<u>6,454</u>	<u>4,310</u>

If full provision had been made for the potential amount of deferred tax the tax charge for the year would have been increased by £650 (1999 £700).

### 5. TANGIBLE FIXED ASSETS

	<u>Freehold Land &amp; Buildings</u>	<u>Plant &amp; Equipment</u>	<u>Total</u>
	£	£	£
<b>Cost or valuation</b>			
At 30 September 1999/2000	<u>290,000</u>	<u>67,883</u>	<u>357,883</u>
<b>Depreciation</b>			
At 30 September 1999		63,470	63,470
Provided in the year		<u>1,696</u>	<u>1,696</u>
At 30 September 2000		<u>65,166</u>	<u>65,166</u>
<b>Net Book Value</b>			
At 30 September 2000	<u>290,000</u>	<u>2,717</u>	<u>292,717</u>
At 30 September 1999	<u>290,000</u>	<u>4,413</u>	<u>294,413</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 (1999 £135,938).

There is no potential tax liability arising on the revaluation surplus (1999 Nil).

## THE KELBROOK MILL COMPANY LIMITED

## NOTES cont. 2

## 6. INVESTMENTS

	<u>2000</u>	<u>1999</u>
	£	£
Investments listed on a recognised stock exchange, at cost	29,837	25,120
Market value	172,407	162,133
Potential tax liability on market value	24,300	22,600

## 7. STOCKS

Consumable stores	250	275
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## 8. DEBTORS

Due within one year:

Trade debtors	42,444	47,751
Prepayments	467	460
Advance corporation tax	<u>3,433</u>	<u>3,433</u>
	46,344	51,644

## 9. CREDITORS

Amounts falling due within one year:

Trade creditors	5,649	717
Social security and other taxes	2,485	3,667
Accruals and deferred income	1,845	4,261
Proposed dividend	14,235	7,117
Corporation tax	<u>6,454</u>	<u>3,814</u>
	30,668	19,576

## 10. CALLED-UP SHARE CAPITAL

	<u>2000</u>	<u>1999</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 1999/2000 : 14,235 shares	<u>71,175</u>	<u>71,175</u>

## THE KELBROOK MILL COMPANY LIMITED

NOTES cont. 3

**11. CAPITAL REDEMPTION RESERVE**

At 30 September 1999/2000	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 1999/2000	154,062
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**13. PROFIT & LOSS ACCOUNT**

As at 30 September 1999	144,685
Retained profit	<u>6,554</u>
At 30 September 2000	<u>151,239</u>

**14. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS**

	<u>2000</u>	<u>1999</u>
	£	£
Profit for the financial year after taxation	35,024	23,740
Dividends	<u>(28,470)</u>	<u>(21,352)</u>
	6,554	2,388
Transfer to capital redemption reserve	-	(2,325)
Premium paid on purchase of company's shares	-	(4,185)
Surplus on revaluation of property	<u>-</u>	<u>23,267</u>
	6,554	19,145
Opening shareholders' funds at 30 September 1999	<u>380,272</u>	<u>361,127</u>
Closing shareholders' funds at 30 September 2000	<u>386,826</u>	<u>380,272</u>

**15. CAPITAL COMMITMENTS**

There were no commitments for capital expenditure (1999 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:

2000	£3,570
1999	<u>£3,200</u>