

Chartered Accountants

**K & B Europe Limited**

**Directors' report and financial statements**

**for the year ended 31st December 2003**



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## **K & B Europe Limited**

### **Company information**

Directors	K L Gilbert Mrs B M Gilbert
Secretary	Mrs B M Gilbert
Company number	3285714
Registered office	1 Farrier Road Lincoln LN6 3RU
Accountants	Richard Atkinson & Co 21A Newland Lincoln LN1 1XP
Business address	1 Farrier Road Lincoln LN6 3RU
Bankers	National Westminster Bank plc 225 High Street Lincoln LN2 1AZ

# **K & B Europe Limited**

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# K & B Europe Limited

## Directors' report for the year ended 31st December 2003

The directors present their report and the financial statements for the year ended 31st December 2003.

### Principal activity

The principal activity of the company is the management of its subsidiary company, the latter being involved in the sale, installation and servicing of machine tools.

The accounts present information about the company as an individual undertaking and not about the group as a whole.

### Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary class A shares		Ordinary class B shares	
	31/12/03	01/01/03	31/12/03	01/01/03
K L Gilbert	12,500	12,500	12,500	12,500
Mrs B M Gilbert	12,500	12,500	12,500	12,500

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 21st May 2004 and signed on its behalf by


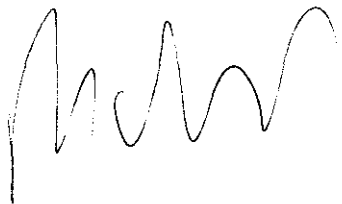


Mrs B M Gilbert  
Secretary

**K & B Europe Limited**

**Accountants' report on the unaudited financial statements to the directors of  
K & B Europe Limited**

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31st December 2003 set out on pages 3 to 12 and you consider that the company is exempt from an audit. In accordance with your instructions we have compiled these unaudited financial statements, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information supplied to us.



**Richard Atkinson & Co  
Chartered Accountants  
21A Newland  
Lincoln  
LN1 1XP**

**Date: 21st May 2004**

# K & B Europe Limited

## Profit and loss account for the year ended 31st December 2003

		2003	2002
	Notes	£	£
<b>Turnover</b>	<b>2</b>	262,500	275,000
Cost of sales		(162,393)	(164,969)
<b>Gross profit</b>		100,107	110,031
Administrative expenses		(80,556)	(81,409)
<b>Operating profit</b>	<b>3</b>	19,551	28,622
Interest payable and similar charges		(8,078)	(5,128)
<b>Profit on ordinary activities before taxation</b>		11,473	23,494
Tax on profit on ordinary activities	<b>5</b>	(1,448)	(6,333)
<b>Profit on ordinary activities after taxation</b>		10,025	17,161
Dividends		(2,000)	(45,000)
<b>Retained profit/(loss) for the year</b>		8,025	(27,839)
Retained profit brought forward		5,772	33,611
<b>Retained profit carried forward</b>		13,797	5,772

The notes on pages 6 to 12 form an integral part of these financial statements.

**K & B Europe Limited**

**Balance sheet  
as at 31st December 2003**

		2003		2002	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		49,054		80,584
Investments	7		25,000		25,000
			<u>74,054</u>		<u>105,584</u>
<b>Current assets</b>					
Debtors	8	44,885		98,309	
		<u>44,885</u>		<u>98,309</u>	
<b>Creditors: amounts falling due within one year</b>	9	(55,142)		(118,530)	
<b>Net current liabilities</b>			<u>(10,257)</u>		<u>(20,221)</u>
<b>Total assets less current liabilities</b>			63,797		85,363
<b>Creditors: amounts falling due after more than one year</b>	10		-		(29,591)
<b>Net assets</b>			<u>63,797</u>		<u>55,772</u>
<b>Capital and reserves</b>					
Called up share capital	11		50,000		50,000
Profit and loss account			13,797		5,772
<b>Shareholders' funds</b>			<u>63,797</u>		<u>55,772</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 6 to 12 form an integral part of these financial statements.

**K & B Europe Limited**

**Balance sheet (continued)**

**Directors' statements required by Section 249B(4)  
for the year ended 31st December 2003**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985 ;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31st December 2003 and

(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 21st May 2004 and signed on its behalf by



**K L Gilbert**  
**Director**

**The notes on pages 6 to 12 form an integral part of these financial statements.**



## **K & B Europe Limited**

### **Notes to the financial statements for the year ended 31st December 2003**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of contract and management services during the year.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% reducing balance
Fixtures, fittings and equipment	-	15% reducing balance
Motor vehicles	-	25% reducing balance

##### **1.4. Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

##### **1.5. Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

## K & B Europe Limited

### Notes to the financial statements for the year ended 31st December 2003

#### 1.6. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 1.7. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

#### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

#### 3. Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	25,430	25,919
Loss on disposal of tangible fixed assets	-	541
	<u>25,430</u>	<u>25,919</u>

# K & B Europe Limited

## Notes to the financial statements for the year ended 31st December 2003

### 4. Directors' emoluments

	2003 £	2002 £
Remuneration and other benefits	<u>38,778</u>	<u>32,679</u>

### 5. Tax on profit on ordinary activities

Analysis of charge in period	2003 £	2002 £
<b>Current tax</b>		
UK corporation tax at 13.05% (2002 - 19.25%)	1,448	6,333
Total current tax charge	<u>1,448</u>	<u>6,333</u>
Tax on profit on ordinary activities	<u>1,448</u>	<u>6,333</u>

### 6. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1st January 2003	5,990	9,353	108,594	123,937
Additions	16,000	-	-	16,000
Disposals	-	-	(56,970)	(56,970)
At 31st December 2003	<u>21,990</u>	<u>9,353</u>	<u>51,624</u>	<u>82,967</u>
<b>Depreciation</b>				
At 1st January 2003	2,673	2,849	37,831	43,353
On disposals	-	-	(34,870)	(34,870)
Charge for the year	4,829	976	19,625	25,430
At 31st December 2003	<u>7,502</u>	<u>3,825</u>	<u>22,586</u>	<u>33,913</u>
<b>Net book values</b>				
At 31st December 2003	<u>14,488</u>	<u>5,528</u>	<u>29,038</u>	<u>49,054</u>
At 31st December 2002	<u>3,317</u>	<u>6,504</u>	<u>70,763</u>	<u>80,584</u>

# K & B Europe Limited

## Notes to the financial statements for the year ended 31st December 2003

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003		2002	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	1,898	633	2,531	844
Motor vehicles	29,038	19,625	70,763	23,588
	<u>30,936</u>	<u>20,258</u>	<u>73,294</u>	<u>24,432</u>

7. Fixed asset investments	Subsidiary undertakings		Total £
	shares £		
<b>Cost</b>			
At 1st January 2003 and			
At 31st December 2003	25,000		25,000
<b>Net book values</b>			
At 31st December 2003	25,000		25,000
At 31st December 2002	25,000		25,000

# K & B Europe Limited

## Notes to the financial statements for the year ended 31st December 2003

### 7.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held	
			Class	%
Subsidiary undertaking				
K & B Machine Tool Services Ltd	England and Wales	Sale, installation and servicing of machine tools	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
K & B Machine Tool Services Ltd	20,584	12,228

The company provided contract and management services to K & B Machine Tool Services Ltd during the year totalling £262,500 (2002: £275,000).

8. Debtors	2003	2002
	£	£
Trade debtors	12,500	98,250
Amounts owed by group undertakings	32,385	-
Prepayments and accrued income	-	59
	<u>44,885</u>	<u>98,309</u>

# K & B Europe Limited

## Notes to the financial statements for the year ended 31st December 2003

9. Creditors: amounts falling due within one year	2003 £	2002 £
Bank overdraft	7,697	52,357
Net obligations under finance leases and hire purchase contracts	27,447	26,948
Trade creditors	1,775	2,525
Amounts owed to group undertaking	-	4,007
Corporation tax	1,448	6,333
Other taxes and social security costs	16,721	26,306
Directors' accounts	54	54
	<u>55,142</u>	<u>118,530</u>

The bank borrowings are secured by a fixed and floating charge on the assets of the company, by a cross composite guarantee with K & B Machine Tool Services Ltd, its subsidiary company, and by guarantees given by the directors.

Amounts owed under finance leases and hire purchase contracts are secured on the assets to which they relate.

10. Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under finance leases and hire purchase contracts	-	29,591

11. Share capital	2003 £	2002 £
<b>Authorised</b>		
25,000 Ordinary class A shares of £1 each	25,000	25,000
25,000 Ordinary class B shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>
<b>Allotted, called up and fully paid</b>		
25,000 Ordinary class A shares of £1 each	25,000	25,000
25,000 Ordinary class B shares of £1 each	25,000	25,000
	<u>50,000</u>	<u>50,000</u>

**K & B Europe Limited**

**Notes to the financial statements  
for the year ended 31st December 2003**

**12. Financial commitments**

At 31st December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Between one and five years	<u>1,400</u>	<u>1,400</u>