

**JOHN KING (CHAINS) LTD**  
**ABBREVIATED ACCOUNTS**  
**FOR**  
**31 MARCH 2007**

FRIDAY



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02/11/2007

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COMPANIES HOUSE

**PETER HOWARD FOREMAN & CO**

Accountants & Registered Auditors

1 Wharfe Mews

Cliffe Terrace

Wetherby

LS22 6LX

**JOHN KING (CHAINS) LTD**  
**ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

<b>CONTENTS</b>	<b>PAGE</b>
Independent auditor's report to the company	<b>1</b>
Abbreviated balance sheet	<b>2</b>
Notes to the abbreviated accounts	<b>3</b>

**JOHN KING (CHAINS) LTD**  
**INDEPENDENT AUDITOR'S REPORT TO JOHN KING (CHAINS) LTD**  
**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 2 to 8, together with the financial statements of John King (Chains) Ltd for the year ended 31 March 2007 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

**BASIS OF OPINION**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

1 Wharfe Mews  
Cliffe Terrace  
Wetherby  
LS22 6LX

11/11/07

*Peter Howard Foreman*

PETER HOWARD FOREMAN & CO  
Accountants  
& Registered Auditors

**JOHN KING (CHAINS) LTD**  
**ABBREVIATED BALANCE SHEET**

**31 MARCH 2007**

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>	<b>2</b>		
Tangible assets		1,515,779	1,089,731
<b>CURRENT ASSETS</b>			
Stocks		386,277	349,357
Debtors		782,335	854,000
Cash at bank and in hand		-	39
		<u>1,168,612</u>	<u>1,203,396</u>
<b>CREDITORS: Amounts falling due within one year</b>	<b>3</b>	<u>1,243,486</u>	<u>1,166,287</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(74,874)</u>	<u>37,109</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,440,905</u>	<u>1,126,840</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	<b>4</b>	834,559	788,150
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		46,123	30,450
<b>GOVERNMENT GRANTS</b>	<b>5</b>	<u>(60,000)</u>	<u>(62,500)</u>
		<u>500,223</u>	<u>245,740</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	<b>7</b>	100	100
Revaluation reserve		292,167	-
Profit and loss account		207,956	245,640
<b>SHAREHOLDERS' FUNDS</b>		<u>500,223</u>	<u>245,740</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors on ... .. and are signed on their behalf by

  
 MR D W WADSWORTH

**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

**Changes in accounting policies**

The company has changed its accounting policy for freehold properties. Freehold properties are now subject to a policy of regular revaluation, whereas previously they were shown in the accounts on a historic cost basis. In the opinion of the directors, the new policy will enable the accounts to show a more true and fair view.

The accounts include a revaluation of £206,993. The comparatives have not been restated as a valuation was not obtained in the previous year and therefore it is not practicable to quantify the adjustment required.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

**Fixed assets**

All fixed assets are initially recorded at cost.

Freehold and leasehold land and buildings are subject to a policy of revaluation. A full valuation is obtained from a professional qualified independent valuer at least every 5 years.

**Depreciation**

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

Freehold Buildings	- 2% Straight line
Plant & Machinery	- 15% Reducing balance
Fixtures, Fittings and Equipment	- 15% and 25% Reducing balance
Motor Vehicles	- 25% Reducing balance

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**1. ACCOUNTING POLICIES** *(continued)*

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

**Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**1. ACCOUNTING POLICIES** *(continued)*

**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

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

**Foreign currencies**

Transactions in foreign currencies are translated into sterling at the average rate of exchange for the month in which the transaction occurred. Exchange differences are taken into account in arriving at the operating profit.

**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

**Deferred government grants**

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**2. FIXED ASSETS**

	<b>Tangible Assets £</b>
<b>COST OR VALUATION</b>	
At 1 April 2006	1,323,038
Additions	180,376
Disposals	(9,883)
Revaluation	249,580
Transfers	(1)
<b>At 31 March 2007</b>	<b><u>1,743,110</u></b>
<b>DEPRECIATION</b>	
At 1 April 2006	233,307
Charge for year	40,840
On disposals	(4,229)
Revaluation adjustment	(42,587)
<b>At 31 March 2007</b>	<b><u>227,331</u></b>
<b>NET BOOK VALUE</b>	
<b>At 31 March 2007</b>	<b><u>1,515,779</u></b>
At 31 March 2006	<u>1,089,731</u>
The net book value of freehold properties comprise -	
	2007                      2006
	£                              £
Freehold land	195,000                      195,000
Freehold buildings	1,055,000                      761,061

Freehold properties were revalued during the year by Lawrence Hannah independent valuers. The valuation was prepared on the basis of current market value

**3. CREDITORS: Amounts falling due within one year**

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2007	2006
	£	£
Bank loans and overdrafts	215,728	305,958
Hire purchase & finance lease agreements	38,923	-
	<u>254,651</u>	<u>305,958</u>



**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**4. CREDITORS: Amounts falling due after more than one year**

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2007	2006
	£	£
Bank loans and overdrafts	445,317	473,671
Hire purchase & finance lease agreements	112,842	-
	<u>558,159</u>	<u>473,671</u>

Included within creditors falling due after more than one year is an amount of £355,173 (2006 - £369,896) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

**5. GOVERNMENT GRANTS**

	2007	2006
	£	£
Received and receivable	75,000	75,000
Amortisation	(15,000)	(12,500)
	<u>60,000</u>	<u>62,500</u>

**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**6. TRANSACTIONS WITH THE DIRECTORS**

The company paid rent of £nil (2006 - £13,800) to Mr DW Wadsworth and Mr JSR King during the year

The following transactions occurred between John King (Chains) Ltd and John King USA Inc a company in which Mr DW Wadsworth and Mr JSR King each own shares:

	2007	2006
	£	£
Sales to John King USA Inc	99,134	181,617
Loan to John King USA Inc	22,315	22,315
Purchases from John King USA	21,075	nil

The amounts outstanding at the year end in respect of these transactions were

	2007	2006
	£	£
Sales to John King USA Inc	26,266	65,407
Loan to John King USA Inc	22,315	22,315
Purchases from John King USA	3,582	nil

There is no fixed repayment term on the loan

The following transactions took place between John King (Chains) Ltd and Powermotion, a partnership business run by Mr DW Wadsworth and Mr JSR King:

	2007	2006
	£	£
Sales to Powermotion	9,137	nil
Purchases from Powermotion	115,949	nil

The amounts outstanding at the year end in respect of these transactions were.

	2007	2006
	£	£
Sales to Powermotion	7,447	nil
Purchases from Powermotion	17,660	nil

**JOHN KING (CHAINS) LTD**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2007**

**7. SHARE CAPITAL**

**Authorised share capital:**

	2007	2006
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**Allotted, called up and fully paid:**

	2007		2006
	No	£	No
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>
			<u>100</u>