

JOHN KING (CHAINS) LTD
ABBREVIATED ACCOUNTS
FOR
31 MARCH 2009

PETER HOWARD FOREMAN & CO

Accountants & Registered Auditor
1 Wharfe Mews
Cliffe Terrace
Wetherby
LS22 6LX

THURSDAY



AFNDKH1R

A11

28/01/2010

22

COMPANIES HOUSE

JOHN KING (CHAINS) LTD
ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

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

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, together with the financial statements of John King (Chains) Ltd for the year ended 31 March 2009 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 work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND 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

27/01/10

Peter Howard Foreman & Co

PETER HOWARD FOREMAN & CO
Accountants
& Registered Auditor

JOHN KING (CHAINS) LTD

ABBREVIATED BALANCE SHEET

31 MARCH 2009

	Note	2009 £	2008 £
FIXED ASSETS	2		
Tangible assets		1,534,238	1,596,082
Investments		<u>5</u>	<u>-</u>
		1,534,243	1,596,082
CURRENT ASSETS			
Stocks		1,001,902	460,358
Debtors		2,589,849	891,975
Cash at bank and in hand		<u>1,288,089</u>	<u>232,581</u>
		4,879,840	1,584,914
CREDITORS: Amounts falling due within one year	3	<u>5,038,081</u>	<u>1,580,775</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(158,241)</u>	<u>4,139</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,376,002	1,600,221
CREDITORS: Amounts falling due after more than one year	4	725,555	925,312
PROVISIONS FOR LIABILITIES		50,314	74,870
GOVERNMENT GRANTS	5	<u>57,500</u>	<u>58,750</u>
		<u>542,633</u>	<u>541,289</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	100	100
Revaluation reserve		292,167	292,167
Profit and loss account		<u>250,366</u>	<u>249,022</u>
SHAREHOLDERS' FUNDS		<u>542,633</u>	<u>541,289</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 and authorised for issue on 14/10/10, and are signed on their behalf by:

MR D W WADSWORTH

Company Registration Number: 02232268

The notes on pages 3 to 9 form part of these abbreviated accounts.

JOHN KING (CHAINS) LTD
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

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 2007).

The financial statements have been prepared on a going concern basis.

In the opinion of the directors, the company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

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

In respect of 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 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 and long term contracts

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

Profit on individual contracts is recognised only when their outcome can be foreseen with reasonable certainty, based on the percentage margin prudently forecast at completion. Full provision is made for all known or expected losses on individual contracts immediately such losses are foreseen.

JOHN KING (CHAINS) LTD
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

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 within 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.

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.

JOHN KING (CHAINS) LTD
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES *(continued)*

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

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. 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.

Invoice discounting

Debts outstanding in relation to invoice discounting, where the company retains all significant risks and benefits relating to the debts, are included in debtors. The amount advanced is included within creditors, amounts falling due within one year. Invoice discounting charges incurred are included within administrative expenses and interest payable as appropriate.

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 2009

2. FIXED ASSETS

	Tangible Assets £	Investments £	Total £
COST OR VALUATION			
At 1 April 2008	1,871,538	–	1,871,538
Additions	10,554	5	10,559
Disposals	(3,015)	–	(3,015)
At 31 March 2009	<u>1,879,077</u>	<u>5</u>	<u>1,879,082</u>
DEPRECIATION			
At 1 April 2008	275,456	–	275,456
Charge for year	69,759	–	69,759
On disposals	(376)	–	(376)
At 31 March 2009	<u>344,839</u>	<u>–</u>	<u>344,839</u>
NET BOOK VALUE			
At 31 March 2009	<u>1,534,238</u>	<u>5</u>	<u>1,534,243</u>
At 31 March 2008	<u>1,596,082</u>	<u>–</u>	<u>1,596,082</u>

The net book value of freehold properties comprise:-

	2009 £	2008 £
Freehold land	195,000	195,000
Freehold buildings	1,074,604	1,088,377

Freehold properties were revalued during the year to 31 March 2007 by Lawrence Hannah independent valuers. The valuation was prepared on the basis of current market value.

At the year end, the company held a 70% shareholding in John King Chains (South Africa) (PTY) Limited, a company incorporated in South Africa.

The aggregate share capital and reserves of John King Chains (South Africa) (PTY) Limited at the most recent year end were:

Year end	Aggregate share capital and reserves	Loss for year
31 March 2009	(38,244)	(38,251)

The audited financial statements for the year ended 31 March 2009 have not yet been approved therefore the figures shown are based on the draft financial statements.

JOHN KING (CHAINS) LTD
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

3. CREDITORS: Amounts falling due within one year

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

	2009 £	2008 £
Bank loans and overdrafts	1,953,787	783,931
Other creditors including taxation and social security	817,171	-
Hire purchase & finance lease agreements	46,574	61,430
	<u>2,817,532</u>	<u>845,361</u>

Bank loans and overdrafts of £1,953,787 are secured by a first legal mortgage over the property at Unit 1 Lancashire Business Park, Sherburn in Elmet and by an unscheduled mortgage debenture incorporating a fixed and floating charge over all the current and future assets of the company.

Included within other creditors are loans of £817,171, in relation to the company's invoice discounting facility, secured by an all assets debenture.

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:

	2009 £	2008 £
Bank loans and overdrafts	565,962	487,444
Hire purchase and finance lease agreements	98,078	131,468
	<u>664,040</u>	<u>618,912</u>

Bank loans and overdrafts of £565,962 are secured by a first legal mortgage over the property at Unit 1 Lancashire Business Park, Sherburn in Elmet and by an unscheduled mortgage debenture incorporating a fixed and floating charge over all the current and future assets of the company.

Included within creditors falling due after more than one year is an amount of £460,598 (2008 - £409,341) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

5. GOVERNMENT GRANTS

	2009 £	2008 £
Received and receivable	75,000	75,000
Amortisation	<u>(17,500)</u>	<u>(16,250)</u>
	<u>57,500</u>	<u>58,750</u>

JOHN KING (CHAINS) LTD
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

6. TRANSACTIONS WITH THE DIRECTORS

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:

	2009	2008
	£	£
Sales to John King USA Inc	252,263	185,617
Purchases from John King USA	39,291	38,468

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

	2009	2008
	£	£
Sales to John King USA Inc	6,491	49,230
Purchases from John King USA	3,283	3,895

The following transactions took place between John King (Chains) Ltd and John King Chains (SA)(PTY)Ltd, a subsidiary of John King (Chains) Limited:

	2009	2008
	£	£
Sales to John King South Africa	89,532	nil
Loan to John King South Africa	204,449	24,442

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

	2009	2008
	£	£
Sales to John King South Africa	60,811	nil

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

	2009	2008
	£	£
Sales to Powermotion	38,503	9,396
Purchases from Powermotion	290,946	120,467

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

	2009	2008
	£	£
Sales to Powermotion	6,110	2,025
Purchases from Powermotion	115,880	13,534

In addition, the company charged a management charge to Powermotion amounting to £40,000 (2008: £30,000). At the year end there was £68,000 (2008: £30,000) owing from Powermotion in respect of these charges.

JOHN KING (CHAINS) LTD
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2009

7. SHARE CAPITAL**Authorised share capital:**

	2009	2008
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>