

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
KNOX AND WELLS LIMITED

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KNOX AND WELLS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2014

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KNOX AND WELLS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS:

G O Leach
H M Leach

SECRETARY:

A H Lewis

REGISTERED OFFICE:

Cresswell House
Fieldway
Heath
Cardiff
CF14 4UH

REGISTERED NUMBER:

00306681 (England and Wales)

AUDITORS:

Broomfield & Alexander Limited
Charter Court
Phoenix Way
Swansea Enterprise Park
Swansea
SA7 9FS

SOLICITORS:

Berry Smith
Haywood House
Dumfries Place
Cardiff
South Glamorgan
CF10 3GA

KNOX AND WELLS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

The principal activity of the company is that of building contractors.

REVIEW OF BUSINESS

The directors' were pleased with the performance of the business during the year. Despite 2014 being another challenging year in the construction industry with margins remaining extremely competitive, the company has reported a strong operational performance.

The company is in a healthy financial position with good liquidity, a strong net positive cash position and improving net current assets. At the year end date, cash reserves stood at £0.90m (2013: £1.55m).

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from competitors and employee retention. The company manages these risks by providing value added services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers and employees.

Given the nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company's credit risk is primarily attributable to "amounts recoverable on contracts". The amounts are presented net of allowance for doubtful debts. The credit risk on liquid funds is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk with exposure spread over a number of counter parties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, the company monitors and actively manages its working capital. The company has no bank borrowings and holds sufficient reserves of cash for any likely movement in its requirements for funding working capital and planned expansion. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Interest rate cash flow risk

The company's only interest bearing asset is cash. Cash earns interest at fixed and variable rates.

CONTRACT BONDING AND BANKING FACILITIES

The company has facilities in place with its relationship bankers and a lending surety company to provide performance and other bonds as necessary. These facilities are more than adequate to meet the company's current and long-term projected bond usage requirements.

KNOX AND WELLS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

HEALTH AND SAFETY

Safety is a key priority of the company with strenuous efforts made to ensure that contracts are managed in a safe, healthy and environmentally controlled manner. The most common indicator for measuring health and safety performance is the Accident Frequency Rate (AFR). The company's continued attention to all areas of safety and its continued commitment to providing high level training to all its managers and employees has ensured that its AFR rate in 2014 has continued to decline and is ahead of its continuous improvement plan.

ON BEHALF OF THE BOARD:



.....
A H Lewis - Secretary

Date: 23 July 2015

KNOX AND WELLS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

G O Leach
H M Leach

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

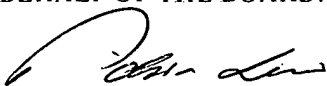
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

On 1 October 2014, WRK Accountants (Neath) Limited merged with Broomfield & Alexander Limited. As a consequence, Broomfield & Alexander Limited replaced WRK Accountants (Neath) Limited as auditors.

The auditors, Broomfield & Alexander Limited, will be proposed for reappointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
A H Lewis - Secretary

Date: 23 July 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KNOX AND WELLS LIMITED

We have audited the financial statements of Knox and Wells Limited for the year ended 31 December 2014 on pages seven to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KNOX AND WELLS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Edward Dobson B Sc (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Broomfield & Alexander Limited
Charter Court
Phoenix Way
Swansea Enterprise Park
Swansea
SA7 9FS

Date: 23 July 2015

KNOX AND WELLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
TURNOVER		15,290	9,275
Cost of sales		<u>(13,735)</u>	<u>(8,021)</u>
GROSS PROFIT		1,555	1,254
Administrative expenses		<u>(1,239)</u>	<u>(1,023)</u>
		316	231
Other operating income		<u>3</u>	<u>1</u>
OPERATING PROFIT	3	319	232
Profit/loss on sale of invest		<u>-</u>	<u>25</u>
		319	257
Interest receivable and similar income		<u>3</u>	<u>18</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		322	275
Tax on profit on ordinary activities	4	<u>(46)</u>	<u>(50)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>276</u>	<u>225</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

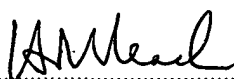
The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	5	327	307
Investments	6	<u>37</u>	<u>37</u>
		<u>364</u>	<u>344</u>
CURRENT ASSETS			
Stocks	7	993	817
Debtors	8	3,954	1,962
Cash at bank		<u>896</u>	<u>1,546</u>
		5,843	4,325
CREDITORS			
Amounts falling due within one year	9	<u>(4,488)</u>	<u>(3,226)</u>
NET CURRENT ASSETS		<u>1,355</u>	<u>1,099</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,719</u>	<u>1,443</u>
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	<u>1,717</u>	<u>1,441</u>
SHAREHOLDERS' FUNDS	14	<u>1,719</u>	<u>1,443</u>

The financial statements were approved by the Board of Directors on 23 July 2015 and were signed on its behalf by:



H M Leach - Director



G O Leach - Director

The notes form part of these financial statements

KNOX AND WELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and prior financial year are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover consists of the amounts of work invoiced for services rendered and the value of certificates issued during the year net of value added tax. All turnover is derived in the UK from the company's single class of business.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Motor Vehicles	25% per annum on a reducing balance basis
Plant, machinery and office equipment	25% per annum straight-line

The directors undertake reviews of the carrying value of fixed assets when trigger events occur and make such provisions for impairment as they consider necessary.

Stocks

Stocks - Stocks representing miscellaneous materials is valued at the lower of cost and net realisable value. Cost represent purchase price.

Long-term contract work in progress - Long-term contract work in progress represents costs incurred on contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Turnover is determined by reference to the value of work carried out to date.

Provision is made for all losses expected to arise in completion of contracts at the date of the balance sheet.

Claims - Claims against customers for extensions to time or for additional work carried out and not contracted for are only added to valuations when certified by the architect or, if not certified, when cash is received.

KNOX AND WELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES - continued

Deferred tax

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 that result in an obligation to pay more tax in future, or a right to pay less tax in the future, have occurred at the balance sheet date.

Timing differences are temporary differences between profit as computed for taxation purposes and profit as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal on the underlying timing differences can be deducted.

Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme which is non contributory. Payments made to the scheme are charged annually in these accounts as part of employment costs and represents the company's contributions payable in the year.

Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock. Turnover is determined by reference to the value of work carried out to date. A provision is made for all losses expected to arise on completion of contracts at the date of the balance sheet.

2. STAFF COSTS

	2014	2013
	£'000	£'000
Wages and salaries	1,700	1,277
Social security costs	179	135
Other pension costs	<u>213</u>	<u>132</u>
	<u><u>2,092</u></u>	<u><u>1,544</u></u>

The average monthly number of employees during the year was as follows:

	2014	2013
Directors	2	2
Building and construction	46	35
Administration	<u>14</u>	<u>14</u>
	<u><u>62</u></u>	<u><u>51</u></u>

KNOX AND WELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £'000	2013 £'000
Hire of plant and machinery	151	68
Other operating leases	30	30
Depreciation - owned assets	46	32
Auditors remuneration - provision of audit services	<u>3</u>	<u>2</u>

	2014 £'000	2013 £'000
Directors' remuneration	106	103
Directors' pension contributions to money purchase schemes	<u>80</u>	<u>40</u>

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax	<u>46</u>	<u>50</u>
Tax on profit on ordinary activities	<u>46</u>	<u>50</u>

5. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
COST			
At 1 January 2014	516	401	917
Additions	-	67	67
Disposals	<u>-</u>	<u>(42)</u>	<u>(42)</u>
At 31 December 2014	<u>516</u>	<u>426</u>	<u>942</u>
DEPRECIATION			
At 1 January 2014	433	177	610
Charge for year	7	39	46
Eliminated on disposal	<u>-</u>	<u>(41)</u>	<u>(41)</u>
At 31 December 2014	<u>440</u>	<u>175</u>	<u>615</u>
NET BOOK VALUE			
At 31 December 2014	<u>76</u>	<u>251</u>	<u>327</u>
At 31 December 2013	<u>83</u>	<u>224</u>	<u>307</u>

KNOX AND WELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

6. FIXED ASSET INVESTMENTS

	Unlisted investments £'000
COST	
At 1 January 2014	
and 31 December 2014	<u>37</u>
NET BOOK VALUE	
At 31 December 2014	<u>37</u>
At 31 December 2013	<u>37</u>

Fixed asset investments comprise Welsh Rugby Union debentures.

7. STOCKS

	2014 £'000	2013 £'000
Work-in-progress	<u>993</u>	<u>817</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed by associates	1,824	880
Amts recoverable on contracts	2,062	975
Other debtors	53	102
Prepayments and accrued income	<u>15</u>	<u>5</u>
	<u>3,954</u>	<u>1,962</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade and Sundry Creditors	1,552	1,875
Taxation	61	50
Social security and other taxes	381	110
Other creditors	102	82
Accruals and deferred income	<u>2,392</u>	<u>1,109</u>
	<u>4,488</u>	<u>3,226</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014	2013
Number:	Class:	Nominal value:	£'000	£'000
2,100	Ordinary shares	£1	2	2
100	Management shares	£1	<u>-</u>	<u>-</u>
			<u>2</u>	<u>2</u>

KNOX AND WELLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

10. CALLED UP SHARE CAPITAL - continued

The management shares have special voting rights which allow the holders to demand a poll under which they are collectively entitled to as many votes as the holders of the other shares in issue at the time of the poll. In all other respects, the shares rank pari pasu with the ordinary shares.

11. RESERVES

	Profit and loss account £'000
At 1 January 2014	1,441
Profit for the year	<u>276</u>
At 31 December 2014	<u>1,717</u>

12. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Knox & Wells Holdings Limited, a company registered in England and Wales. The smallest and largest group in which the company has been consolidated is Knox & Wells Holdings Limited. Copies of the consolidated financial statements of Knox & Wells Holdings Limited can be obtained from the registered office at Creswell House, Fieldway, Heath, Cardiff.

13. ULTIMATE CONTROLLING PARTY

The directors' do not consider there to be an ultimate controlling party.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	<u>276</u>	<u>225</u>
Net addition to shareholders' funds	276	225
Opening shareholders' funds	<u>1,443</u>	<u>1,218</u>
Closing shareholders' funds	<u><u>1,719</u></u>	<u><u>1,443</u></u>