

Parkes Products Limited

**Abbreviated
Accounts
For the year ended
31 January 2000**

Company Number 1905021

**Registered Office
Burrell Way
Thetford
Norfolk IP24 3QT**



Parkes Products Limited

Abbreviated accounts

Year ended 31 January 2000

Index	Page
Company information	2
Directors' report.....	3
Auditors' report.....	4
Abbreviated profit and loss account.....	5
Balance sheet.....	6
Cashflow statement.....	7
Notes	8 to 17

Parkes Products Limited

Directors' report and financial statements
Year ended 31 January 2000

Company information

DIRECTORS

D E Berwick (Chairman)
B S Parish

SECRETARY

D E Berwick

BANKERS

National Westminster Bank plc
7 Cornhill
Bury St Edmunds
Suffolk IP33 1BQ

SOLICITORS

Michael Smith & Co
22/24 Queen Street
Ipswich
Suffolk IP1 1SS

AUDITORS

Waller Wilson & Co
2 High Street
Mildenhall
Bury St Edmunds
Suffolk IP28 7EJ

Parkes Products Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 January 2000.

Principal activities, business review and transfer to reserves

The principal activities of the company in the period were the manufacture and supply of building components and the manufacture of road signs and road guarding equipment. As detailed in Note 1 to the accounts the company is in a voluntary arrangement with creditors and members, having entered into this arrangement in July 1996. The directors are pleased to report that the company has continued to trade profitably. It is the opinion of the directors, having rationalised the company's operations, that the company will continue to trade profitably and that accordingly the arrangement will succeed. The net profit for the period transferred to retained losses was £25,449 (1999: £37,479). The directors do not recommend the payment of a dividend.

Fixed assets

Information relating to changes in tangible fixed assets is given in the notes to the accounts.

Directors and directors' interests

The directors who held office during the period and their interests in the ordinary shares of the company were as follows

		Interest in shares (number of shares)	
		At beginning of year	At end of year
DE Berwick		3,562	3,750
SWW Berwick	(resigned 18 August 1999)	3,562	3,750
BS Parish		1,426	1,500

Directors' responsibility for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those financial statements, the directors are required to:

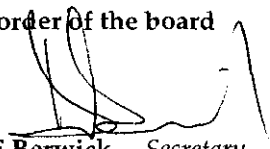
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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 financial statements 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.

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of Waller Wilson & Co as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D E Berwick Secretary

Date 23 OCTOBER 2000

Report of the auditors to the directors of Parkes Products Limited under section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 5 to 17 together with the full financial statements of the company for the year ended 31 January 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A 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 in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm by reference to the full financial statements that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with that provision.

Other information

On 23/10/2000 we reported as auditors to the members of the company on the full financial statements prepared under section 226 of the Companies Act 1985 and our report included the following statement: "In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the outcome of the voluntary arrangement between the company and its creditors and members. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect."



Waller Wilson & Co

*Chartered Accountants
Registered Auditor*

Date 23 OCTOBER 2000

The Forge Cottage
2 High Street
Mildenhall
Bury St Edmunds
Suffolk IP28 7EJ

Parkes Products Limited

**Profit & loss account
for the year ended 31 January 2000**

		Year ended 31 January 2000	Year ended 31 January 1999
	Note	£	£
Gross profit		1,027,018	1,247,682
Distribution costs		(182,690)	(242,106)
Administrative expenses		(759,556)	(880,471)
Operating profit		84,772	125,105
Other interest receivable and similar income	5	1,233	3,929
Interest payable and similar charges	6	(49,687)	(80,234)
Profit on ordinary activities before taxation	2 to 4	36,318	48,800
Tax on profit on ordinary activities	7	(10,869)	(11,321)
Profit on ordinary activities after taxation, retained for the year		25,449	37,479
Retained (loss) brought forward		(141,614)	(179,093)
Retained (loss) carried forward		(116,165)	(141,614)

Statements of recognised gains and losses and historical cost profits and losses

The financial statements have been prepared on an historical cost basis, modified for the revaluation of land and buildings as set out in note 1. There has been no movement in the year or the previous period giving rise to gains or losses which have not been reflected in the profit and loss account. The results for the year and the previous period are therefore equivalent to the total recognised gains and losses for the year and the previous period and accordingly a separate statement of recognised gains and losses has not been presented. There is no material difference between profits and losses stated on an unmodified historical cost basis and profits and losses as stated above. Accordingly a statement of historical cost profits and losses is not presented.

Statement of continuing and discontinued operations

Results shown for each of the years above arise from continuing activities.

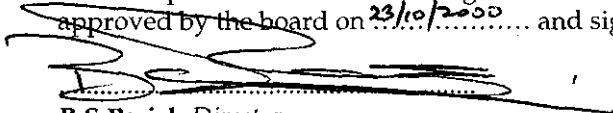
The notes on pages 8 to 17 form an integral part of these financial statements.

Parkes Products Limited

Balance sheet
At 31 January 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	8		629,217		757,380
Investments	9		160,000		160,000
			<u>789,217</u>		<u>917,380</u>
Current assets					
Stocks	10	443,632		469,005	
Debtors	11	819,344		589,579	
Cash at bank and in hand		3,699		3,431	
		<u>1,266,675</u>		<u>1,062,015</u>	
Creditors: amounts falling due within one year	12	(1,849,863)		(1,788,140)	
Net current (liabilities)			<u>(583,188)</u>		<u>(726,125)</u>
Total assets less current liabilities			<u>206,029</u>		<u>191,255</u>
Creditors: amounts falling due after more than one year	13		(125,000)		(135,675)
Provisions for liabilities and charges	14		(10,000)		(10,000)
Net assets			<u>71,029</u>		<u>45,580</u>
Capital and reserves					
Called up share capital	15		9,000		9,000
Profit and loss account			(116,165)		(141,614)
Revaluation reserve	16		178,194		178,194
Shareholders' funds	17		<u>71,029</u>		<u>45,580</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies. The financial statements were approved by the board on 23/10/2000 and signed on its behalf by


B S Parish Director

The notes on pages 8 to 17 form an integral part of these financial statements.

Parkes Products Limited

Cashflow statement

For the year ended 31 January 2000

		Year ended 31 January 2000		Year ended 31 January 1999	
	Note	£	£	£	£
Net cash inflow from operating activities	20		301,975		475,536
Payments into voluntary arrangement	11		(130,000)		(111,500)
Return on investments and servicing of finance					
Interest paid		(49,687)		(81,363)	
Interest received		999		3,929	
			(48,688)		(77,434)
Capital expenditure and investing activities					
Purchase of tangible fixed assets		(27,520)		(30,188)	
Sale of tangible fixed assets		68,535		1,272	
Net cash inflow/(outflow) from investing activities			41,015		(28,916)
Net cash inflow before financing			164,302		257,686
Financing					
Repayment of amounts borrowed	22	(2,290)		(25,642)	
Capital element of hire purchase and finance lease repayments	22	(8,093)		(26,368)	
Net cash (outflow) from financing			(10,383)		(52,010)
Increase in cash and cash equivalents	21		153,919		205,676

The notes on pages 8 to 17 form an integral part of these financial statements.

1 Accounting policies

The accounting policies set out below have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified for the revaluation of land and buildings.

Although the company returned a profit for the year its current liabilities exceeded its current assets at the year end. The company entered into a Company Voluntary Arrangement on 3 July 1996. The arrangement had a duration of 42 months or until dividends of 50 pence in the pound have been made available to the unsecured creditors. Although the outcome of the arrangement cannot be predicted with certainty the directors consider that the arrangement will succeed and that the company will continue to trade profitably. Consequently these accounts have been prepared on a going concern basis.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value of each asset in equal instalments over its estimated economic useful life, as follows:

Long leasehold buildings	over 50 years
Plant & equipment	over 10 years
Motor vehicles	over 5 years
Office equipment & fitting	over 4 to 5 years

No depreciation is provided on land.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes the costs incurred in bringing stock to its present location and condition.

Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases and hire purchase contracts

Assets under finance leases and hire purchase contracts are capitalised in the balance sheet as tangible fixed assets and are depreciated over their estimated economic useful lives. Future instalments, net of finance charges, are included with creditors. Finance charges are charged to the profit and loss account each year so as to give a constant rate of charge.

Pension costs

Contributions are charged to the profit and loss account in the year in which they are paid.

Parkes Products Limited

Notes to the financial statements

1 Accounting policies (continued)

Research and development costs

Development costs are written off as incurred.

Taxation

The charge for taxation is based on the results for the year and takes account of taxation deferred because of timing differences between the treatment for accounting and taxation purposes. Provision is made for deferred tax only to the extent that it is probable that a liability will crystallise.

Turnover

Turnover represents the invoice value of goods sold and services provided, stated net of value added tax.

2 Turnover, profit/(loss) on ordinary activities before taxation and net assets

Turnover, profit/(loss) on ordinary activities before taxation and net assets were derived from the principal activity of the company in the United Kingdom and the EC.

3 Profit/(Loss) on ordinary activities before taxation

This is stated after charging/(crediting)	2000	1999
	£	£
Directors' remuneration including pension contributions	55,587	64,447
Auditors' remuneration	3,750	3,750
Hire of plant and machinery	21,309	22,067
Depreciation	84,190	92,979
(Profit)/loss on disposal of tangible fixed assets	(4,042)	(2,556)
Loss on disposal of investment	-	8,250

Hire of plant and machinery includes £2,510 (1999 £3,383) in respect of fixed assets held under finance leases and hire purchase contracts.

Depreciation includes £18,574 (1999 £18,574) charged on fixed assets held under finance leases and hire purchase contracts.

Parkes Products Limited

Notes to the financial statements

4 Directors' remuneration and staff costs

The average number of persons employed by the company (including directors) during the period was 51 (1999 70).

The aggregate payroll costs of these persons were as follows:	2000	1999
	£	£
Wages and salaries	588,921	762,574
Social security costs	49,986	67,520
Other pension costs	11,029	5,936
	<u>649,936</u>	<u>836,030</u>

Directors' remuneration as executives excluding pension contributions, including the value of benefits provided was £54,758 (1999 £71,795). Pension costs and related costs in respect of directors were £11,029 (1999 £5,936).

5 Other interest receivable and similar income	2000	1999
	£	£
Interest receivable on funds with Supervisor	1,170	3,843
Other interest receivable	63	86
	<u>1,233</u>	<u>3,929</u>

Parkes Products Limited

Notes to the financial statements

6	Interest payable and similar charges	2000	1999			
		£	£			
	On bank loans repayable in less than one year	-	1,667			
	On overdrafts	9,801	10,976			
	On loan from pension scheme	10,336	12,772			
	Finance charges on finance leases and hire purchase	2,510	3,383			
	On factoring advances	27,040	51,436			
		<u>49,687</u>	<u>80,234</u>			
7	Tax on profit on ordinary activities	2000	1999			
		£	£			
	UK corporation tax payable at 21/20%	10,869	1,321			
	Provided in respect of deferred taxation	-	10,000			
		<u>10,869</u>	<u>11,321</u>			
8	Tangible fixed assets	Land and buildings	Plant and equipment	Motor vehicles	Office equipment & fittings	Total
	Cost or valuation	£	£	£	£	£
	At 1 February 1999	402,243	737,293	118,214	64,088	1,321,838
	Additions	3,410	12,260	-	11,850	27,520
	Disposals	-	(110,824)	(49,400)	(685)	(160,909)
	At 31 January 2000	<u>405,653</u>	<u>638,729</u>	<u>68,814</u>	<u>75,253</u>	<u>1,188,449</u>
	Depreciation					
	At 1 February 1999	46,427	384,739	90,066	43,226	564,458
	For the period	5,635	56,715	11,836	10,004	84,190
	On disposals	-	(39,879)	(49,400)	(137)	(89,416)
	At 31 January 2000	<u>52,062</u>	<u>401,575</u>	<u>52,502</u>	<u>53,093</u>	<u>559,232</u>
	Net book value					
	At 31 January 2000	<u>353,591</u>	<u>237,154</u>	<u>16,312</u>	<u>22,160</u>	<u>629,217</u>
	At 1 February 1999	<u>355,816</u>	<u>352,554</u>	<u>28,148</u>	<u>20,862</u>	<u>757,380</u>

The net book value of tangible fixed assets includes an amount of £48,792 (1999 £67,364) in respect of assets held under finance leases and hire purchase contracts.

The land and buildings includes assets held on a long lease with a net book value of £309,681 (1999 £315,315) and freehold land with a net book value of £43,910 (1999 £40,500). The long leasehold was valued by Messrs Barker Storey Hart, property consultants, in February 1991 on an open market basis at £450,000. The directors decided to include a lesser amount of £350,000 in the light of prevailing economic conditions. In the opinion of the directors the present market value of the property is not significantly different to the above book value. The valuation of £350,000 included an amount of £80,000 in respect of land which is not depreciated. Under the historical cost accounting rules the net book value of the land and buildings at 31 January 2000 would be £157,143 (1999 £160,029) and under the same rules depreciation charged in the period would have been £2,886 (1999 £2,886); actual depreciation charged on these assets was £5,635 (1999 £5,635).

Parkes Products Limited

Notes to the financial statements

9	Fixed assets - investments	Other investments
		£
	Balance brought forward and carried forward	160,000

The investment is in 160,000 £1 9% redeemable preference shares in Positive Manufacturing Limited. These shares are redeemable after 30 June 2005 at six months notice. No dividend was receivable in respect of these shares for the year to 31 January 2000.

10	Stocks	2000	1999
		£	£
	Raw materials and consumables	71,665	74,829
	Work in progress	7,076	13,322
	Finished goods and goods for resale	364,891	380,854
		443,632	469,005
11	Debtors	2000	1999
		£	£
	Trade debtors	717,172	496,018
	Other debtors	89,837	80,104
	Prepayments and accrued income	12,335	13,457
		819,344	589,579

Other debtors include amounts paid into the voluntary arrangement and held in a separate account by the Supervisor of the voluntary arrangement. The balance on this account at the year end was £73,041 (1999: £61,145). Payments made to the Supervisor in the year were £130,000, and payments made by the Supervisor to creditors were £119,019.

Parkes Products Limited

Notes to the financial statements

12 Creditors: amounts falling due within one year	2000	1999
	£	£
Bank overdraft	137,414	178,469
Bank loan	-	2,290
Trade creditors	1,359,418	1,126,088
Obligations under finance leases and hire purchase contracts	11,229	8,647
Other taxation and social security	67,295	60,260
Corporation tax	10,671	35
Other creditors	220,605	372,286
Accruals and deferred income	43,231	40,065
	1,849,863	1,788,140

The company's indebtedness to the bank is secured by a mortgage debenture, including a legal charge over the leasehold property shown in the balance sheet and a chattel mortgage over certain plant and equipment. The bank loan is repayable by monthly instalments in less than one year. The interest rate is 2.75% over National Westminster Bank PLC base rate (minimum 9.5%).

Trade creditors and other taxation and social security creditors include £697,323 (1999: £815,975) within the voluntary arrangement.

Other creditors include balances owing to directors (2000 £4,818 (1999 £81,235)) and the company's balance with factors (2000 £178,222 (1999 £290,818)). Amounts owing to directors are secured by a mortgage debenture with a floating charge over the assets of the company. Included in other creditors is an amount due to SWW Berwick who ceased to be a director during the year of £37,354, which is retained by the company in accordance with the terms of the voluntary arrangement.

Amounts owing to factors are secured on trade debtors.

Trade creditors include an amount of £106,341 due to Positive Manufacturing Limited. The directors are interested in transactions with this company by virtue of their shareholdings in it; further details are given in note 23.

Obligations under finance leases and hire purchase contracts (see also note 13) are made up as follows:

	Hire purchase contracts
	£
Gross obligations	12,001
Less finance charges allocated to future periods	(772)
	11,229
Shown as: Payable within one year	11,229
Payable after one year but within five years	-
	11,229

Parkes Products Limited

Notes to the financial statements

13 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Obligations under finance leases and hire purchase contracts	-	10,675
Pension fund loan	125,000	125,000
	<u>125,000</u>	<u>135,675</u>

The company's indebtedness to the directors' small self administered pension scheme is under an unsecured loan repayable on 20 March 2005. Interest is charged on this loan at 3% over Barclays Bank PLC base rate.

14 Provisions for liabilities and charges

Provision has been included in the year to the extent that it is expected that a charge will crystallise in the foreseeable future for the effect of accelerated capital allowances and other short term timing differences. No provision is included in respect of the gain that would arise if the company's land and buildings were sold at the revalued amount as it is not anticipated that a charge will arise in the foreseeable future. The amounts of potential deferred tax liabilities provided and not provided by the company are as follows.

	2000	1999
	£	£
Provided for		
Excess of capital allowances over depreciation of tangible fixed assets other than land and buildings	10,000	9,985
Other short term timing differences	-	15
	<u>10,000</u>	<u>10,000</u>
Not provided for		
Excess of capital allowances over depreciation of tangible fixed assets	14,534	24,010
In respect of the gain that would arise if the company's land and buildings were sold at the revalued amount	22,614	23,745

Parkes Products Limited

Notes to the financial statements

15	Called up share capital	2000	1999
	Authorised	£	£
	Ordinary shares of £1 each	10,000	10,000
	Issued and fully paid		
	Ordinary shares of £1 each	9,000	9,000
16	Movements in revaluation reserve	2000	1999
		£	£
	At start and end of period	178,194	178,194
17	Movements in equity shareholders' funds	2000	1999
		£	£
	At start of period	45,580	8,101
	Profit for the year	25,449	37,479
	At end of period	71,029	45,580
18	Commitments		
	At 31 January 2000 the company had annual commitments under non-cancellable operating leases as follows		
		2000	1999
		£	£
	Operating leases which expire:		
	Within one year	41,250	34,140
	In the second to fifth years inclusive	18,409	18,409
	After five years	8,750	8,750
		68,409	61,299

The company was committed to the purchase of a freehold commercial property for a total sum of £75,000; this transaction was completed after the year end. At 31 January 2000 and 31 January 1999 there were no other capital commitments authorised but not contracted or provided for and there were no other commitments contracted for but not provided for. Shortly after the year end the company entered into commitments for the commercial development of freehold land owned by the company at a cost of £206,450

19 Pension scheme

The company operates a directors' small self administered pension scheme. Contributions are also paid by the company to another personal scheme for one director. The pension cost charged for the period represents contributions and related costs paid by the company in respect of these schemes and amounted to £11,029 (1999 £5,936).

Parkes Products Limited

Notes to the financial statements

20 Reconciliation of operating profit to net cash flow from operating activities

	2000	1999
	£	£
Operating profit	84,772	125,105
(Profit) on disposal	(4,042)	(2,556)
Loss on investment disposal	-	8,250
Depreciation	84,190	92,979
Decrease/(increase) in stocks	25,373	(29,303)
(Increase)/decrease in debtors	(99,765)	462,337
Increase/(decrease) in creditors	211,447	(181,276)
Net cash inflow from operating activities	301,975	475,536

21 Analysis of changes in cash and cash equivalents

	Cash	Overdraft	Factors	Net
	£	£	£	£
Balance at 31 January 1999	3,431	(178,469)	(290,818)	(465,856)
Net cash inflow	268	41,055	112,596	153,919
Balance at 31 January 2000	3,699	(137,414)	(178,222)	(311,937)

22 Analysis of changes in financing during the period

	Bank and Pension Fund Loans	Finance leases and hire purchase contracts
	£	£
Balance at start of period	127,290	19,322
Repaid in the period	(2,290)	(8,093)
Balance at end of period	125,000	11,229

23 Transactions involving directors and related party transactions

By virtue of their shareholdings in Positive Manufacturing Limited DE Berwick, SWW Berwick and BS Parish were deemed to be interested in transactions between Parkes Products Limited and Positive Manufacturing Limited. During the year the company traded on normal commercial terms with Positive Manufacturing Limited, the details being as follows. Sales to Positive Manufacturing Limited amounted to £770,078. Additionally the company recharged certain overhead expenses and made management charges to Positive Manufacturing Limited for the year of £87,000 in total.

During the year two directors, DE Berwick and BS Parish took over cars owned by the company for a consideration respectively of £3,500 and £3,500, these values representing market value.

24 Contingent liabilities

Amounts have been included in these accounts to provide for all known liabilities falling within the voluntary arrangement. The finally agreed claims could be in excess of the amounts included in these accounts. It is not possible to quantify the extent of any such difference.