
PARKES PRODUCTS LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 JANUARY 2004**



PARKES PRODUCTS LIMITED

COMPANY INFORMATION

DIRECTORS	DE Berwick BS Parish
SECRETARY	DE Berwick
COMPANY NUMBER	1905021
REGISTERED OFFICE	Burrell Way Thetford Norfolk
AUDITORS	Waller Wilson & Co Chartered Accountants & Registered Auditors The Forge Cottage 2 High Street Mildenhall Bury St Edmunds Suffolk IP28 7EJ

PARKES PRODUCTS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Note of historical cost profits and losses	5
Balance sheet	6
Cash flow statement	7
Notes to the abbreviated accounts	8 - 17

PARKES PRODUCTS LIMITED

DIRECTORS' REPORT **For the year ended 31 January 2004**

The directors present their report and the financial statements for the year ended 31 January 2004.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 in business.

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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the company in the period were the manufacture and supply of building components and the manufacture and supply of road signs and road safety equipment.

The company continues to operate profitably although significant price increases in steel, transport and energy along with numerous legislative changes imposed will continue to have an effect on costs and therefore selling prices. It has been necessary to increase the selling prices to offset some of these soaring costs but the knock on effect is certainly going to be lower margins.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £51,275 (2003 - £15,065) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/1/04</u>	<u>1/2/03</u>
DE Berwick	3,750	3,750
BS Parish	1,500	1,500

LAND AND BUILDINGS

The directors consider that there is no substantial difference between the market and balance sheet values of land and buildings.

PARKES PRODUCTS LIMITED

DIRECTORS' REPORT **For the year ended 31 January 2004**

FUTURE DEVELOPMENTS

To ensure the business moves forward the management team has been strengthened during the year and the directors are actively pursuing expansion and acquisition opportunities as it is felt that more importance should be put on pushing opening doors than to resist the pressure of closing ones.

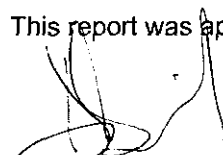
The company is also investing heavily in product development and improving manufacturing processes with further automation. The premises are also in need of some structural and cosmetic work and a plan has been approved during this financial year for the work to be carried out.

We will continue to focus on the needs of our existing customers whilst constantly seeking new opportunities.

AUDITORS

The auditors, Waller Wilson & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 19 August 2004 and signed on its behalf.



DE Berwick
Secretary

INDEPENDENT AUDITORS' REPORT TO PARKES PRODUCTS LIMITED
Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of Parkes Products Limited for the year ended 31 January 2004 set out on pages 4 to 17, together with the financial statements of the company for the year ended 31 January 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.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 auditors' 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 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 prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

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. 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 financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with those provisions.



Waller Wilson & Co
Chartered Accountants
Registered Auditors
The Forge Cottage
2 High Street
Mildenhall
Bury St Edmunds
Suffolk IP28 7EJ

19 August 2004

PARKES PRODUCTS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 January 2004

	Note	2004 £	2003 £
GROSS PROFIT		1,018,985	894,289
Selling and distribution costs		(221,377)	(196,701)
Administrative expenses		(716,602)	(657,066)
OPERATING PROFIT	2	81,006	40,522
Income from other fixed asset investments		14,400	14,400
Interest payable	5	(34,780)	(37,949)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		60,626	16,973
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(9,351)	(1,908)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 51,275	£ 15,065

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

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

PARKES PRODUCTS LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 January 2004

	2004 £	2003 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	60,626	16,973
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	3,446	3,446
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£ 64,072	£ 20,419
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	£ 54,721	£ 18,511

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

PARKES PRODUCTS LIMITED

ABBREVIATED BALANCE SHEET
As at 31 January 2004

	Note	2004	2003
		£	£
FIXED ASSETS			
Tangible fixed assets	7	655,659	695,688
Investments	8	160,000	160,000
		<u>815,659</u>	<u>855,688</u>
CURRENT ASSETS			
Stocks	9	341,464	431,552
Debtors	10	477,191	515,301
		<u>818,655</u>	<u>946,853</u>
CREDITORS: amounts falling due within one year	11	(937,800)	(1,105,907)
NET CURRENT LIABILITIES		<u>(119,145)</u>	<u>(159,054)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>696,514</u>	<u>696,634</u>
CREDITORS: amounts falling due after more than one year	12	(179,039)	(229,081)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	(11,656)	(13,009)
NET ASSETS		<u>£ 505,819</u>	<u>£ 454,544</u>
CAPITAL AND RESERVES			
Called up share capital	14	9,000	9,000
Revaluation reserve		178,194	178,194
Profit and loss account	15	318,625	267,350
SHAREHOLDERS' FUNDS - All Equity	16	<u>£ 505,819</u>	<u>£ 454,544</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 19 August 2004 and signed on its behalf.



BS Parish
Director

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

PARKES PRODUCTS LIMITED

ABBREVIATED CASH FLOW STATEMENT
For the year ended 31 January 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	17	124,858	127,941
Returns on investments and servicing of finance	18	(20,380)	(23,549)
Taxation		(387)	(6,198)
Capital expenditure and financial investment	18	(1,499)	(21,776)
CASH INFLOW BEFORE FINANCING		102,592	76,418
Financing	18	(54,627)	(168,153)
INCREASE/(DECREASE) IN CASH IN THE YEAR		£ 47,965	£ (91,735)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 19)
For the year ended 31 January 2004

	2004 £	2003 £
Increase/(Decrease) in cash in the year	47,965	(91,735)
Cash outflow from decrease in debt and lease financing	54,627	168,153
MOVEMENT IN NET DEBT IN THE YEAR	102,592	76,418
Net debt at 1 February 2003	(592,511)	(668,929)
NET DEBT AT 31 JANUARY 2004	£ (489,919)	£ (592,511)

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

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards, as modified by the revaluation of long leasehold land and buildings..

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2%	straight line
Long-term leasehold land and buildings	-		over the remaining term of the lease
Plant and equipment	-	10%	straight line
Motor vehicles	-	25%	straight line
Office equipment	-	20 to 25%	straight line

1.4 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at February 1991 and will not update that valuation.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.8 Pensions

The company operates defined contribution pension arrangements and the pension charge represents the amounts payable by the company to the funds in respect of the year.

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

2. OPERATING PROFIT

The operating profit is stated after charging:

	2004	2003
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	41,528	59,249
Auditors' remuneration	3,250	3,000
Auditors' remuneration - non audit	500	500
Auditors' remuneration - non audit	(45,275)	-

An underclaim of VAT has been identified relating to the previous year, as noted above, which has been recovered since the year end.

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2004	2003
	£	£
Wages and salaries	650,667	597,168
Other pension costs	3,552	3,423
	<u>£ 654,219</u>	<u>£ 600,591</u>

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

2004	2003
38	40

4. DIRECTORS' REMUNERATION

	2004	2003
	£	£
Emoluments	<u>£ 98,850</u>	<u>£ 60,100</u>
Company pension contributions to money purchase pension schemes	<u>£ 3,552</u>	<u>£ 3,423</u>

During the year retirement benefits were accruing to 2 directors (2003 - 2) in respect of money purchase pension schemes.

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

5. INTEREST PAYABLE

	2004	2003
	£	£
On bank loans and overdrafts	19,730	21,271
On other loans	15,050	16,093
On finance leases and hire purchase contracts	-	585
	<u>£ 34,780</u>	<u>£ 37,949</u>

6. TAXATION

	2004	2003
	£	£
Analysis of tax in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	1,978	387
Adjustments in respect of prior periods	8,726	87
Total current tax	<u>10,704</u>	<u>474</u>
Deferred tax		
Origination and reversal of timing differences	(1,353)	1,434
Total deferred tax (see note 13)	<u>(1,353)</u>	<u>1,434</u>
Tax on profit on ordinary activities	<u>£ 9,351</u>	<u>£ 1,908</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (19%). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>60,626</u>	<u>16,973</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2003 - 19)	11,519	3,225
Effects of:		
Expenses not deductible for tax purposes	86	1,701
Timing differences on capital allowances	1,715	(1,756)
Tax rate adjustment for the period	(4)	(47)
Franked investment income	(2,736)	(2,736)
Adjustments to tax charge in respect of prior periods	124	87
Current tax charge for year (see note above)	<u>£ 10,704</u>	<u>£ 474</u>

There were no factors that may affect future tax charges.

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

7. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 February 2003	690,243	383,176	37,596	79,770	1,190,785
Additions	-	-	799	700	1,499
At 31 January 2004	690,243	383,176	38,395	80,470	1,192,284
Depreciation					
At 1 February 2003	82,478	328,446	29,969	54,204	495,097
Charge for the year	11,366	14,114	6,411	9,637	41,528
At 31 January 2004	93,844	342,560	36,380	63,841	536,625
Net book value					
At 31 January 2004	£ 596,399	£ 40,616	£ 2,015	£ 16,629	£ 655,659
At 31 January 2003	£ 607,765	£ 54,730	£ 7,627	£ 25,566	£ 695,688

Included in land and buildings is freehold land at cost £65,500 which is not depreciated.

At 31 January 2004, included within the net book value of land and buildings is £310,671 relating to freehold land and buildings, £285,728 relating to long term leasehold land and buildings and £NIL relating to short term leasehold land and buildings.

The long leasehold land and buildings were valued by Messrs Barker Storey Hart, chartered surveyors in February 1991 on an open market basis at £450,000. The directors decided to include a lower amount of £350,000 in view of prevailing economic conditions. As noted in note 1 the company has elected not to adopt a policy of revaluation and will retain the book value based on this valuation. Under the historical cost accounting rules the net book value for the revalued land and buildings at 31 January 2003 would be £146,277 and under the same rules depreciation charged on these assets would have been £2,660: actual depreciation charged was £6,106.

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

8. FIXED ASSET INVESTMENTS

	Other invest- ments £	Total £
Cost		
At 1 February 2003 and 31 January 2004	£ 160,000	£ 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 6 months notice. The dividend receivable in the year was £14,400.

9. STOCKS

	2004 £	2003 £
Raw materials	53,392	63,053
Work in progress	14,355	3,040
Finished goods and goods for resale	273,717	365,459
	<u>£ 341,464</u>	<u>£ 431,552</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	402,541	468,145
Other debtors	57,145	6,974
Prepayments and accrued income	17,505	40,182
	<u>£ 477,191</u>	<u>£ 515,301</u>

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

11. CREDITORS:

Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	310,880	363,430
Trade creditors	220,260	278,931
Corporation tax	10,704	387
Social security and other taxes	14,657	94,684
Other creditors	272,928	325,700
Accruals and deferred income	108,371	42,775
	<u>£ 937,800</u>	<u>£ 1,105,907</u>

The company's indebtedness to the bank, which comprises overdraft of £129,166 (2003 £177,131) and loan of £113,480 (2003 £132,921) is secured by a fixed and floating charge over all current and future assets of the company and by legal mortgages over the company's freehold land and buildings. The bank loan is repayable in six years. The interest rate is 2.5% over National Westminster Bank base rate. The balance with factors is £162,273 (2003 £167,459) and is secured by a fixed and floating charge over all the assets of the company.

Other creditors include an amount due to Positive Manufacturing Ltd of £275,498 (2003 £325,700): as noted below the directors are interest in transactions with the company by virtue of their shareholdings in it.

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

12. CREDITORS:

Amounts falling due after more than one year

	2004 £	2003 £
Bank loan and pension scheme loan	£ 179,039	£ 229,081

Included within the above are amounts falling due as follows:

	2004 £	2003 £
Between one and two years		
Bank loan and pension scheme loan	105,065	20,065
Between two and five years		
Bank loan	66,635	181,635
Over five years		
Bank loan	7,339	27,381

Creditors include amounts not wholly repayable within 5 years as follows:

	2004 £	2003 £
Repayable by instalments	£ 7,339	£ 27,381

The pension scheme loan of £85,000 (2003 £115,000) is a loan from the directors' small self administered scheme and is repayable on 20 March 2005. It is unsecured and interest is charged on this loan at 3% over Barclays Bank plc base rate. Details of the bank loan are given in the previous note.

13. DEFERRED TAXATION

	2004 £	2003 £
At 1 February 2003	13,009	11,575
(Released during)/charge for the year	(1,353)	1,434
At 31 January 2004	£ 11,656	£ 13,009

The deferred tax provision is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	11,656	13,009
	£ 11,656	£ 13,009

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

14. SHARE CAPITAL

	2004 £	2003 £
Authorised		
10,000 Ordinary shares of £1 each	£ 10,000	£ 10,000
Allotted, called up and fully paid		
9,000 Ordinary shares of £1 each	£ 9,000	£ 9,000

15. RESERVES

Profit and loss account	£
At 1 February 2003	267,350
Profit retained for the year	51,275
	<u> </u>
At 31 January 2004	£ 318,625

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the year	51,275	15,065
	<u>51,275</u>	<u>15,065</u>
Opening shareholders' funds	454,544	439,479
Closing shareholders' funds	£ 505,819	£ 454,544

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	81,006	40,522
Depreciation of tangible fixed assets	41,528	59,249
Loss on disposal of tangible fixed assets	-	2,037
Decrease/(increase) in stocks	90,088	(62,896)
Decrease/(increase) in debtors	38,110	(55,608)
(Decrease)/increase in creditors	(125,874)	144,637
	<u> </u>	<u> </u>
NET CASH INFLOW FROM OPERATIONS	£ 124,858	£ 127,941

PARKES PRODUCTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(34,780)	(37,364)
Hire purchase interest	-	(585)
Income from investments	14,400	14,400
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ (20,380)	£ (23,549)
	2004 £	2003 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,499)	(24,276)
Sale of tangible fixed assets	-	2,500
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (1,499)	£ (21,776)
	2004 £	2003 £
FINANCING		
Repayment of loans	(54,627)	(162,867)
Principal payment under finance lease	-	(5,286)
NET CASH OUTFLOW FROM FINANCING	£ (54,627)	£ (168,153)

19. ANALYSIS OF CHANGES IN NET DEBT

	1 February 2003 £	Cash flow £	Other non-cash changes £	31 January 2004 £
Bank overdraft	(177,131)	47,965	-	(129,166)
	(177,131)	47,965	-	(129,166)
DEBT :				
Finance leases	-	-	-	-
Debts due within one year	(186,299)	54,627	(50,042)	(181,714)
Debts falling due after more than one year	(229,081)	-	50,042	(179,039)
NET DEBT	£ (592,511)	£ 102,592	£ -	£ (489,919)

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 January 2004

20. PENSION COMMITMENTS

The company operates defined contributions pension arrangements. The assets of these are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £3,552 (2003 £3,423). Contributions totalling £nil (2003 £nil) were payable at the balance sheet date.

21. OPERATING LEASE COMMITMENTS

At 31 January 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
After more than 5 years	13,245	13,245

22. RELATED PARTY TRANSACTIONS

By virtue of their shareholdings in Positive Manufacturing Limited the directors, DE 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 £744,599, and purchases from Positive Manufacturing Limited amounted to £187,218. Additionally the company recharged certain expenses and made management charges to Positive Manufacturing Limited during the year of £129,550 in total. The balance outstanding at the end of the year between the companies was £275,498 due by Parkes Products Limited and this is included in other creditors.

23. CONTROLLING PARTY

The company is under the control of the directors.