

JOHN PORTER (NEWCASTLE) LIMITED
ABBREVIATED ACCOUNTS
29th FEBRUARY 2004



JOHN PORTER (NEWCASTLE) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 29th FEBRUARY 2004

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JOHN PORTER (NEWCASTLE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 7, together with the financial statements of the company for the year ended 29th February 2004 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 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 THE DIRECTORS AND THE AUDITORS

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 accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF 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(5) and (6) of the Act, and the abbreviated accounts on pages 3 to 7 are properly prepared in accordance with those provisions.


OTHER INFORMATION

On 22.12.04..... we reported as auditors to the members of the company on the financial statements prepared under Section 226 of the Companies Act 1985 and our report included the following paragraph:

FUNDAMENTAL UNCERTAINTY: GOING CONCERN

In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the company's dependency upon the support of the company's factoring company. In view of the significance of this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS


TAIT WALKER
Chartered Accountants
& Registered Auditors

22.12.04...

JOHN PORTER (NEWCASTLE) LIMITED

ABBREVIATED BALANCE SHEET

29th FEBRUARY 2004

	Note	2004 £	£	2003 £	£
FIXED ASSETS	3				
Tangible assets			675,881		1,242,743
CURRENT ASSETS					
Stocks		195,071		188,335	
Debtors		860,783		786,422	
Cash at bank and in hand		12,283		2,099	
		<u>1,068,137</u>		<u>976,856</u>	
CREDITORS: Amounts falling due within one year	4	<u>1,438,668</u>		<u>1,193,294</u>	
NET CURRENT LIABILITIES			<u>(370,531)</u>		<u>(216,438)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>305,350</u>		<u>1,026,305</u>
CREDITORS: Amounts falling due after more than one year	5		252,831		29,347
PROVISIONS FOR LIABILITIES AND CHARGES			11,014		176,865
GOVERNMENT GRANTS	6		<u>25,735</u>		<u>28,618</u>
			<u>15,770</u>		<u>791,475</u>
CAPITAL AND RESERVES					
Called-up equity share capital	8		31,000		31,000
Revaluation reserve			-		679,991
Profit and loss account			<u>(15,230)</u>		<u>80,484</u>
SHAREHOLDERS' FUNDS			<u>15,770</u>		<u>791,475</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 22/12/2004 and are signed on their behalf by:

J.B. Porter
Director



I. McSally
Director



JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 29th FEBRUARY 2004

1. GOING CONCERN

The financial statements have been prepared on a going concern basis. During the year the company incurred a trading loss of £1,252,831 and had net current liabilities at the year end. Management accounts to 31st October 2004 show that the company has incurred a further loss of £311,000 since the year end.

The directors are confident that with the continued support of the factor company, that the company is a going concern and will return to profitability in the coming year.

If the going concern basis proved to be invalid the financial statements would have to be prepared on a break up basis in which the Balance Sheet would be restated to include all assets at estimated realisable values and all liabilities would become current and would have to be increased to include those liabilities contingent on the company ceasing to trade.

2. 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 June 2002).

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost.

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:

Plant & machinery	-	5%/20% straight line
Furniture & equipment	-	20% straight line
Motor vehicles	-	25% reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 29th FEBRUARY 2004

2. 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.

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.

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.

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 PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 29th FEBRUARY 2004

3. FIXED ASSETS

	Tangible Assets £
COST OR VALUATION	
At 1st March 2003	1,519,235
Additions	457,965
Disposals	<u>(1,027,051)</u>
At 29th February 2004	<u>950,149</u>
DEPRECIATION	
At 1st March 2003	276,492
Charge for year	60,862
On disposals	<u>(63,086)</u>
At 29th February 2004	<u>274,268</u>
NET BOOK VALUE	
At 29th February 2004	<u>675,881</u>
At 28th February 2003	<u>1,242,743</u>

4. CREDITORS: Amounts falling due within one year

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

	2004 £	2003 £
Bank loans and overdrafts	-	295,751
Other creditors including taxation and social security	324,253	289,025
Hire purchase agreements	<u>81,475</u>	<u>28,217</u>
	<u>405,728</u>	<u>612,993</u>

5. 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:

	2004 £	2003 £
Hire purchase agreements	<u>252,831</u>	<u>29,347</u>

6. GOVERNMENT GRANTS

	2004 £	2003 £
Received and receivable	35,500	35,500
Amortisation	<u>(9,765)</u>	<u>(6,882)</u>
	<u>25,735</u>	<u>28,618</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 29th FEBRUARY 2004

7. TRANSACTIONS WITH THE DIRECTORS

Included in debtors are amounts owed by the following director:

	2004 £	2003 £
T.J. Porter:		
Amounts outstanding at the start of the year	<u>-</u>	<u>73</u>
Maximum outstanding during the year	<u>-</u>	<u>73</u>

J.B. Porter provided a personal guarantee to HSBC in respect of the discounting creditor. The balance outstanding at the year end amounted to £Nil (2003 - £289,025). J.B. Porter, T. Porter and I. McSally have provided personal guarantees to Bibby Factors regarding the new hire purchase contract entered into during the year.

8. SHARE CAPITAL

Authorised share capital:

	2004 £	2003 £
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>

10. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J.B. Porter the managing director and majority shareholder.