

JOHN PORTER (NEWCASTLE) LIMITED
ABBREVIATED ACCOUNTS
28th FEBRUARY 2003



JOHN PORTER (NEWCASTLE) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

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JOHN PORTER (NEWCASTLE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J.B. Porter - Chairman Mrs V. Porter - Director T.J. Porter - Director M.B. Anderson - Director I. McSally - Director
Company secretary	Mrs V. Porter
Registered office	St Lawrence Road Newcastle upon Tyne NE6 2HP
Auditors	Tait Walker Chartered Accountants & Registered Auditors Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	HSBC Bank plc 110 Grey Street Newcastle upon Tyne NE1 6JG
Solicitors	Sinton & Co. 5 Osborne Terrace Jesmond Newcastle upon Tyne NE2 1SQ

JOHN PORTER (NEWCASTLE) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 28th FEBRUARY 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 28th February 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be that of the manufacture of specialist doors, doorframes and doorsets.

The directors are disappointed with the current year's performance, and expect an improvement in the following year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 28 February 2003	At 1 March 2002
J.B. Porter	16,030	16,030
Mrs V. Porter	—	—
T.J. Porter	—	—
M.B. Anderson	—	—
	<hr/>	<hr/>

I. McSally was appointed as a director on 1st December 2003.

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

JOHN PORTER (NEWCASTLE) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 28th FEBRUARY 2003

AUDITORS

A resolution to re-appoint Tait Walker as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



J.B. Porter
Director

Approved by the directors on23.12.03

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 7 to 22, together with the financial statements of the company for the year ended 28th February 2003 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 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 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 section 246A(3) of the Act, and the abbreviated accounts on pages 7 to 22 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On 23.12.03..... we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 28th February 2003, and the full text of our audit report is reproduced below:

"We have audited the financial statements on pages 6 to 21 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

"This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an 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 and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

JOHN PORTER (NEWCASTLE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY *(continued)*

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

FULL TEXT OF AUDIT REPORT (CONTINUED)

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

JOHN PORTER (NEWCASTLE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY *(continued)*

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

As described in note 21, included within debtors on the balance sheet is an amount due of £266,626. This amount is in dispute and in our opinion it should therefore have been provided as doubtful, increasing the loss before tax and net liabilities by that amount.

Except for the absence of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28th February 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

23.12.03



TAIT WALKER
Chartered Accountants
& Registered Auditors

JOHN PORTER (NEWCASTLE) LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 28th FEBRUARY 2003

	Note	2003 £	2002 £
GROSS PROFIT		559,318	733,928
Administrative expenses		<u>776,746</u>	<u>641,036</u>
OPERATING (LOSS)/PROFIT	3	(217,428)	92,892
Loss on disposal of fixed assets		<u>(4,158)</u>	<u>(5,063)</u>
		(221,586)	87,829
Interest payable and similar charges	6	<u>29,972</u>	<u>21,978</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(251,558)	65,851
Tax on (loss)/profit on ordinary activities	7	<u>(20,454)</u>	<u>20,034</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(231,104)</u>	<u>45,817</u>

All of the activities of the company are classed as continuing.

The notes on pages 12 to 22 form part of these abbreviated accounts.

JOHN PORTER (NEWCASTLE) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 28th FEBRUARY 2003

	2003 £	2002 £
(Loss)/Profit for the financial year attributable to the shareholders	(231,104)	45,817
Unrealised profit on revaluation of certain fixed assets	699,074	—
Less provision for deferred tax on revaluation	<u>(176,865)</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>291,105</u>	<u>45,817</u>

The notes on pages 12 to 22 form part of these abbreviated accounts.

JOHN PORTER (NEWCASTLE) LIMITED

ABBREVIATED BALANCE SHEET

28th FEBRUARY 2003

	Note	2003		2002	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		1,242,743		567,283
CURRENT ASSETS					
Stocks	9	188,335		241,217	
Debtors	10	786,422		644,193	
Cash in hand		2,099		1,342	
		<u>976,856</u>		<u>886,752</u>	
CREDITORS: Amounts falling due within one year	11	<u>1,193,294</u>		<u>867,643</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(216,438)</u>		<u>19,109</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,026,305</u>		<u>586,392</u>
CREDITORS: Amounts falling due after more than one year	12		<u>29,347</u>		<u>58,116</u>
			<u>996,958</u>		<u>528,276</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	16		176,865		11,905
Government grants	17		<u>28,618</u>		<u>16,001</u>
			<u>791,475</u>		<u>500,370</u>
CAPITAL AND RESERVES					
Called-up equity share capital	21		31,000		31,000
Revaluation reserve	22		679,991		157,782
Profit and loss account	22		<u>80,484</u>		<u>311,588</u>
SHAREHOLDERS' FUNDS	23		<u>791,475</u>		<u>500,370</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 23.2.03 and are signed on their behalf by:

J.B. Porter
Director



T.J. Porter
Director



The notes on pages 12 to 22 form part of these abbreviated accounts.

JOHN PORTER (NEWCASTLE) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 28th FEBRUARY 2003

	2003		2002	
	£	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(36,281)		124,860
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(22,601)		(15,118)	
Interest element of hire purchase	(7,371)		(6,860)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(29,972)		(21,978)
TAXATION		(1,993)		(16,912)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(49,085)		(206,027)	
Receipts from sale of fixed assets	10,899		499	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(38,186)		(205,528)
EQUITY DIVIDENDS PAID		-		(18,600)
CASH OUTFLOW BEFORE FINANCING		(106,432)		(138,158)
FINANCING				
Capital element of hire purchase	(51,176)		42,229	
New grants received	15,500		-	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(35,676)		42,229
DECREASE IN CASH		(142,108)		(95,929)

The notes on pages 12 to 22 form part of these abbreviated accounts.

JOHN PORTER (NEWCASTLE) LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 28th FEBRUARY 2003

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating (loss)/profit	(217,428)	92,892
Depreciation	57,642	58,494
Amortisation of government grants	(2,883)	(1,333)
Decrease/(increase) in stocks	52,882	(41,965)
Increase in debtors	(139,519)	(138,913)
Increase in creditors	213,025	155,685
Net cash (outflow)/inflow from operating activities	<u>(36,281)</u>	<u>124,860</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003	2002
	£	£
Decrease in cash in the period	(142,108)	(95,929)
Cash outflow in respect of hire purchase	<u>51,176</u>	<u>(42,229)</u>
	<u>(90,932)</u>	<u>(138,158)</u>
Change in net debt	<u>(90,932)</u>	<u>(138,158)</u>
Net debt at 1 March 2002	<u>(260,284)</u>	<u>(122,126)</u>
Net debt at 28 February 2003	<u>(351,216)</u>	<u>(260,284)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Mar 2002	Cash flows	At 28 Feb 2003
	£	£	£
Net cash:			
Cash in hand and at bank	1,342	757	2,099
Overdrafts	<u>(152,886)</u>	<u>(142,865)</u>	<u>(295,751)</u>
	<u>(151,544)</u>	<u>(142,108)</u>	<u>(293,652)</u>
Debt:			
Hire purchase agreements	<u>(108,740)</u>	<u>51,176</u>	<u>(57,564)</u>
Net debt	<u>(260,284)</u>	<u>(90,932)</u>	<u>(351,216)</u>

The notes on pages 12 to 22 form part of these abbreviated accounts.

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

1. GOING CONCERN

The financial statements have been prepared on a going concern basis. During the year the company incurred a trading loss of £231,104 and had net current liabilities at the year end. Management accounts to 30 November 2003 show that the company has incurred a further loss of £226,000 since the year end.

As described in note 24, the company has sold its freehold land and buildings which has allowed the bank overdraft to be repaid and has returned the company to having net current assets.

The company continues to factor its debtors which provides the company's working capital. The directors are confident that following the sale of the freehold land and buildings and the resultant capital injection, and 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.

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

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 28th FEBRUARY 2003

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 28th FEBRUARY 2003

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2003	2002
	£	£
Amortisation of government grants re fixed assets	(2,883)	(1,333)
Depreciation of owned fixed assets	40,722	26,380
Depreciation of assets held under hire purchase agreements	16,920	32,114
Auditors' remuneration		
- as auditors	5,800	4,640
Operating lease costs:		
Plant and equipment	-	141

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	54	50
Number of administrative staff	1	1
Number of management staff	8	8
Number of sales staff	6	6
	<u>69</u>	<u>65</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	1,263,268	1,059,975
Social security costs	106,026	95,041
Other pension costs	26,322	31,771
	<u>1,395,616</u>	<u>1,186,787</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Aggregate emoluments	178,224	172,064
Value of company pension contributions to money purchase schemes	11,580	24,771
	<u>189,804</u>	<u>196,835</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Interest payable on bank borrowing	22,601	14,730
Finance charges	7,371	6,860
Other similar charges payable	—	388
	<u>29,972</u>	<u>21,978</u>

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003		2002	
	£	£	£	£
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year at 19% (2002 - 20%)		(2,710)		7,832
Over/under provision in prior year		(5,839)		297
Total current tax		(8,549)		8,129
Deferred tax:				
(Decrease)/increase in deferred tax provision	(11,905)		11,905	
Total deferred tax (note 16)		(11,905)		11,905
Tax on (loss)/profit on ordinary activities		<u>(20,454)</u>		<u>20,034</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 20%).

	2003 £	2002 £
(Loss)/profit on ordinary activities before taxation	<u>(251,558)</u>	<u>65,851</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	(47,796)	13,170
Items not deductible / (chargeable) for tax purposes	854	(3,165)
Amortisation of government grants	(548)	(267)
Adjustment in respect of previous year	(5,839)	297
Set off losses in prior year	3,344	-
Depreciation for period in excess of capital allowances	(3,156)	(6,218)
Losses carried forward	47,302	-
Corporation tax recoverable	(2,710)	-
Tax relief obtained	-	4,312
Total current tax (note 7(a))	<u>(8,549)</u>	<u>8,129</u>

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Furniture & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION					
At 1 March 2002	250,926	403,010	65,250	112,746	831,932
Additions	-	20,889	16,784	11,412	49,085
Disposals	-	(15,225)	-	(45,631)	(60,856)
Revaluation	699,074	-	-	-	699,074
At 28 February 2003	<u>950,000</u>	<u>408,674</u>	<u>82,034</u>	<u>78,527</u>	<u>1,519,235</u>
DEPRECIATION					
At 1 March 2002	-	162,151	46,871	55,627	264,649
Charge for the year	-	34,616	9,409	13,617	57,642
On disposals	-	(14,230)	-	(31,569)	(45,799)
At 28 February 2003	<u>-</u>	<u>182,537</u>	<u>56,280</u>	<u>37,675</u>	<u>276,492</u>
NET BOOK VALUE					
At 28 February 2003	<u>950,000</u>	<u>226,137</u>	<u>25,754</u>	<u>40,852</u>	<u>1,242,743</u>
At 28 February 2002	<u>250,926</u>	<u>240,859</u>	<u>18,379</u>	<u>57,119</u>	<u>567,283</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

Revaluation

The property was originally revalued on 17th January 1994 and was revalued again on 15th March 2000 by Chesteron International Property Consultants, Chartered Surveyors.

On 28th February 2003 the directors revalued the freehold property in line with the sale option agreement and eventual sale proceeds disclosed in the post balance sheet events note.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2003	2002
	£	£
Net book value at end of year	<u>950,000</u>	<u>200,000</u>
Historical cost	<u>93,144</u>	<u>42,218</u>

Hire purchase agreements

Included within the net book value of £1,242,743 is £108,393 (2002 - £175,796) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £16,920 (2002 - £32,114).

9. STOCKS

	2003	2002
	£	£
Raw materials	88,036	106,509
Work in progress	100,299	134,708
	<u>188,335</u>	<u>241,217</u>

10. DEBTORS

	2003	2002
	£	£
Trade debtors	750,180	626,642
Corporation tax repayable	2,710	-
Other debtors	2,565	3,650
Prepayments and accrued income	30,967	13,901
	<u>786,422</u>	<u>644,193</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

11. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	295,751	152,886
Trade creditors	353,532	341,916
Taxation and social security	57,632	108,398
Hire purchase agreements	28,217	50,624
Discounting Creditor	289,025	147,252
Other creditors	2,826	1,778
Accruals and deferred income	166,311	64,789
	<u>1,193,294</u>	<u>867,643</u>

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

	2003	2002
	£	£
Bank loans and overdrafts	295,751	152,886
Other creditors including taxation and social security	289,025	147,252
Hire purchase agreements	28,217	50,624
	<u>612,993</u>	<u>350,762</u>

The bank overdraft is secured by a debenture dated 11 December 1997 on the land of the company. The discounting creditor is secured on the trade debtors of the company and a personal guarantee from Mr. J. B. Porter. The hire purchase creditors are secured on the assets to which they relate.

12. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Hire purchase agreements	<u>29,347</u>	<u>58,116</u>

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

	2003	2002
	£	£
Hire purchase agreements	<u>29,347</u>	<u>58,116</u>

The hire purchase creditors are secured on the assets to which they relate.

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

13. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2003	2002
	£	£
Amounts repayable:		
In one year or less or on demand	<u>584,776</u>	<u>300,138</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	28,217	50,624
Amounts payable between 2 to 5 years	29,347	58,116
	<u>57,564</u>	<u>108,740</u>

15. PENSIONS

The company contributes to certain employees personal pensions via individual schemes and a group personal pension scheme, the assets of which are held in independently administered funds. The pension cost represents contributions payable by the company and amounted to £26,322 (£31,771).

16. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	11,905	—
Profit and loss account movement arising during the year	(11,905)	11,905
Deferred tax provided for on revaluation	176,865	—
Provision carried forward	<u>176,865</u>	<u>11,905</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	—	11,905
Provision deferred tax; other	176,865	—
	<u>176,865</u>	<u>11,905</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

16. DEFERRED TAXATION *(continued)*

Deferred tax has been provided in accordance with Financial Reporting Standard 19 due to the existence of a binding agreement to sell the company's land and buildings at the revalued amounts, recorded in these financial statements.

17. GOVERNMENT GRANTS

	2003	2002
	£	£
Received and receivable:		
At 1st March 2002	20,000	20,000
Receivable during year	15,500	—
At 28th February 2003	<u>35,500</u>	<u>20,000</u>
 Amortisation:		
At 1st March 2002	3,999	2,666
Credit to profit and loss account	2,883	1,333
At 28th February 2003	<u>6,882</u>	<u>3,999</u>
 Net balance at 28th February 2003	<u>28,618</u>	<u>16,001</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 28th February 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2003	2002
	£	£
Operating leases which expire:		
Within 1 year	—	141

19. CONTINGENCIES

Contingent Liabilities

At the year end, the company were involved in potential litigation involving an asbestos mesothelioma claim from a former employee for £250,000. The directors are confident that the claim will be settled without any liability to the company, therefore no provision has been made in the financial statements in relation to this claim.

The company are also involved in a long running dispute with a customer over a trade debtor balance of £266,626 in respect of goods provided. The customer is currently withholding payment. The directors are confident that following legal action the debt will be recovered, therefore no provision for irrecoverable amounts have been made in these financial statements.

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

20. TRANSACTIONS WITH THE DIRECTORS

Included in debtors are amounts owed by the following director:

	2003 £	2002 £
T.J. Porter:		
Amounts outstanding at the start of the year	<u>73</u>	<u>—</u>
Maximum outstanding during the year	<u>73</u>	<u>73</u>
Amounts outstanding at the end of the year	<u>—</u>	<u>73</u>

Mr. J. B. Porter, the managing director and majority shareholder, has provided a personal guarantee to HSBC Invoice Finance (UK) Ltd regarding the discounting creditor.

21. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>

22. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance brought forward	157,782	311,588
Loss for the year	—	(231,104)
Other gains and losses		
Revaluation of fixed assets	<u>522,209</u>	<u>—</u>
Balance carried forward	<u>679,991</u>	<u>80,484</u>

JOHN PORTER (NEWCASTLE) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 28th FEBRUARY 2003

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
(Loss)/Profit for the financial year	(231,104)	45,817
Other net recognised gains and losses	<u>522,209</u>	<u>-</u>
Net addition to funds	291,105	45,817
Opening shareholders' equity funds	<u>500,370</u>	<u>454,553</u>
Closing shareholders' equity funds	<u>791,475</u>	<u>500,370</u>

24. POST BALANCE SHEET EVENTS

Subsequent to the year end the company has sold its freehold land and buildings to a property developing company for £950,000, in accordance with an option agreement entered into previously. The company has now relocated its manufacturing facility to Sunderland after signing a lease on the new premises.

As a result of the inflow of funds from the property sale the company has been able to repay its overdraft facility with the bank, improve its trading balances with its major suppliers, and make a significant injection of funds into the company's working capital.

25. ULTIMATE CONTROLLING PARTY

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