

Company Registration No. 1716002 (England and Wales)

PALMER HARGREAVES LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2004



PALMER HARGREAVES LIMITED

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PALMER HARGREAVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

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

Principal activities and review of the business

The principal activity of the company continued to be that of providing marketing services of every description and as trade and business consultants.

No significant change in the nature of these activities occurred during the year.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 April 2003:

P Cowley

A C Clift

J O Vize

G W R Wallis (Snr)

(Resigned 31 July 2003)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2004	1 April 2003
P Cowley	1,000	1,000
A C Clift	4,500	4,500
J O Vize	4,500	4,500

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Jerrom Associates be reappointed as auditors of the company will be put to the Annual General Meeting.

PALMER HARGREAVES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

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.

On behalf of the board



P Cowley
Director

28 September 2004

PALMER HARGREAVES LIMITED

AUDITORS' REPORT TO PALMER HARGREAVES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 March 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

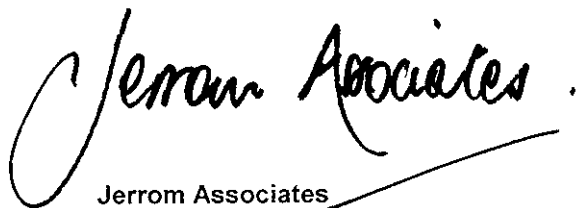
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar 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 considered 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 Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.



Jerrom Associates

Chartered Certified Accountants
Registered Auditor
The Exchange, Haslucks Green Road
Shirley, Solihull
West Midlands
B90 2EL

28 September 2004

PALMER HARGREAVES LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004**

		2004	2003
	Notes	£	£
Gross profit		564,707	672,044
Administrative expenses		(759,343)	(644,678)
Operating (loss)/profit	2	(194,636)	27,366
Interest payable and similar charges	3	(265)	(813)
(Loss)/profit on ordinary activities before taxation		(194,901)	26,553
Tax on (loss)/profit on ordinary activities	4	-	7,763
(Loss)/profit on ordinary activities after taxation	13	(194,901)	34,316

PALMER HARGREAVES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Intangible assets	5		330,974		135,664
Tangible assets	6		51,928		63,445
Investments	7		15,803		15,893
			<u>398,705</u>		<u>215,002</u>
Current assets					
Stocks	8	19,826		-	
Debtors	9	718,430		1,128,949	
Cash at bank and in hand		-		304,109	
		<u>738,256</u>		<u>1,433,058</u>	
Creditors: amounts falling due within one year	10	<u>(1,297,347)</u>		<u>(1,613,545)</u>	
Net current liabilities			<u>(559,091)</u>		<u>(180,487)</u>
Total assets less current liabilities			<u>(160,386)</u>		<u>34,515</u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		(170,386)		24,515
Shareholders' funds - equity interests	14		<u>(160,386)</u>		<u>34,515</u>

These 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 28 September 2004


P Cowley
Director

PALMER HARGREAVES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004**

	2004		2003	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(383,685)		335,566
Returns on investments and servicing of finance				
Interest paid	(265)		(813)	
Net cash outflow for returns on investments and servicing of finance		(265)		(813)
Taxation		-		(1,824)
Capital expenditure and financial investment				
Payments to acquire intangible assets	(391,922)		(219,000)	
Receipts from sales of investments	-		10	
Net cash outflow for capital expenditure		(391,922)		(218,990)
Net cash (outflow)/inflow before management of liquid resources and financing		(775,872)		113,939
Financing				
Capital element of hire purchase contracts	-		(2,397)	
Net cash outflow from financing		-		(2,397)
(Decrease)/increase in cash in the year		(775,872)		111,542

PALMER HARGREAVES LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities	2004		2003	
		£		£	
	Operating (loss)/profit	(194,636)		27,366	
	Depreciation of tangible assets	10,179		31,971	
	Amortisation of intangible assets	196,702		83,336	
	Loss on disposal of tangible assets	1,338		-	
	(Increase)/decrease in stocks	(19,826)		5,170	
	Decrease in debtors	410,519		3,166,063	
	Decrease in creditors within one year	(787,961)		(2,978,340)	
	Net cash (outflow)/inflow from operating activities	(383,685)		335,566	
2	Analysis of net (debt)/funds	1 April 2003	Cash flow	Other non- 31 March 2004	
				cash changes	
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	304,109	(304,109)	-	-
	Bank overdrafts	-	(471,763)	-	(471,763)
		<u>304,109</u>	<u>(775,872)</u>	<u>-</u>	<u>(471,763)</u>
	Net funds/(debt)	<u>304,109</u>	<u>(775,872)</u>	<u>-</u>	<u>(471,763)</u>
3	Reconciliation of net cash flow to movement in net (debt)/funds	2004		2003	
		£		£	
	(Decrease)/increase in cash in the year	(775,872)		111,542	
	Cash (inflow)/outflow from (increase)/decrease in debt	-		2,398	
	Movement in net (debt)/funds in the year	(775,872)		113,940	
	Opening net funds	304,109		190,169	
	Closing net (debt)/funds	(471,763)		304,109	

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over the term of the lease
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Foreign currency translation

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

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2004**

2	OPERATING (LOSS)/PROFIT	2004	2003
		£	£
	Operating (loss)/profit is stated after charging:		
	Amortisation of intangible assets	196,702	83,336
	Depreciation of tangible assets	10,179	31,971
	Loss on disposal of tangible assets	1,338	-
	Operating lease rentals	8,563	8,000
	Auditors' remuneration	2,500	2,500
	and after crediting:		
	Profit on foreign exchange transactions	(27,074)	-
		<u> </u>	<u> </u>
3	INTEREST PAYABLE	2004	2003
		£	£
	On bank loans and overdrafts	265	768
	Hire purchase interest	-	45
		<u> </u>	<u> </u>
		265	813
		<u> </u>	<u> </u>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

4 TAXATION	2004	2003
	£	£
Domestic current year tax		
Adjustment for prior years	-	(1,000)
	<hr/>	<hr/>
Current tax charge	-	(1,000)
Deferred tax		
Origination and reversal of timing differences	-	(6,763)
	<hr/>	<hr/>
	-	(7,763)
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(194,901)	26,553
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2003: 19.00%)	-	5,045
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	-	757
Depreciation	-	21,909
Capital allowances	-	(4,653)
Tax losses utilised	-	(23,058)
Adjustments to previous periods	-	(1,000)
	<hr/>	<hr/>
	-	(6,045)
	<hr/>	<hr/>
Current tax charge	-	(1,000)
	<hr/>	<hr/>

On the basis of these financial statements no provision has been made for corporation tax.

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

5 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 April 2003	219,000
Additions	392,012
	<hr/>
At 31 March 2004	611,012
	<hr/>
Amortisation	
At 1 April 2003	83,336
Charge for the year	196,702
	<hr/>
At 31 March 2004	280,038
	<hr/>
Net book value	
At 31 March 2004	330,974
	<hr/> <hr/>
At 31 March 2003	135,664
	<hr/> <hr/>

6 TANGIBLE FIXED ASSETS

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 April 2003	82,216	305,356	387,572
Disposals	-	(79,577)	(79,577)
	<hr/>	<hr/>	<hr/>
At 31 March 2004	82,216	225,779	307,995
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2003	82,216	241,911	324,127
On disposals	-	(78,239)	(78,239)
Charge for the year	-	10,179	10,179
	<hr/>	<hr/>	<hr/>
At 31 March 2004	82,216	173,851	256,067
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2004	-	51,928	51,928
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2003	-	63,445	63,445
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

7 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
At 1 April 2003 & at 31 March 2004	15,893
Provisions for diminution in value	
At 1 April 2003	-
Charge for the year	90
At 31 March 2004	90
Net book value	
At 31 March 2004	15,803

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Palmer Hargreaves GMBH	Germany	Ordinary Shares	100
Palmer Hargreaves Wallis Tomlinson Limited	Great Britain	Ordinary Shares	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Palmer Hargreaves GMBH	331,703	104,572
Palmer Hargreaves Wallis Tomlinson Limited	227,895	181,593

8 WORK IN PROGRESS

	2004 £	2003 £
Work in progress	19,826	-

PALMER HARGREAVES LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004**

9 DEBTORS	2004	2003
	£	£
Trade debtors	656,932	551,652
Amounts owed by parent and fellow subsidiary undertakings	61,488	566,351
Other debtors	10	10,946
	<u>718,430</u>	<u>1,128,949</u>

10 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR	2004	2003
	£	£
Bank loans and overdrafts	471,763	-
Trade creditors	4,776	9,682
Amounts owed to parent and fellow subsidiary undertakings	583,667	1,568,634
Taxes and social security costs	60,643	14,037
Accruals and deferred income	176,498	21,192
	<u>1,297,347</u>	<u>1,613,545</u>

The bank overdraft is secured by an unlimited debenture.

11 PENSION COSTS

Defined contribution

	2004	2003
	£	£
Contributions payable by the company for the year	<u>26,467</u>	<u>15,407</u>

12 SHARE CAPITAL

	2004	2003
	£	£
Authorised		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2004

13 STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Balance at 1 April 2003	24,515
Retained loss for the year	(194,901)
	<u> </u>
Balance at 31 March 2004	(170,386)
	<u> </u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
(Loss)/Profit for the financial year	(194,901)	34,316
Opening shareholders' funds	34,515	199
	<u> </u>	<u> </u>
Closing shareholders' funds	(160,386)	34,515
	<u> </u>	<u> </u>

15 FINANCIAL COMMITMENTS

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

	2004 £	2003 £
Expiry date:		
Between two and five years	6,335	6,000
	<u> </u>	<u> </u>

16 DIRECTORS EMOLUMENTS

	2004 £	2003 £
Emoluments for qualifying services	122,232	-
Company pension contributions to money purchase schemes	18,000	10,500
	<u> </u>	<u> </u>
	140,232	10,500
	<u> </u>	<u> </u>

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

17 EMPLOYEES

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Number of employees	<u>4</u>	<u>21</u>

Employment costs

	£	£
Wages and salaries	176,383	199,974
Social security costs	21,887	31,891
Other pension costs	26,467	15,407
	<u>224,737</u>	<u>247,272</u>

18 CONTROL

The company is under the control of the directors, who jointly have a beneficial interest in 100% of the issued share capital of the company.

19 POST BALANCE SHEET EVENTS

The company is insolvent at the balance sheet date and continues to trade under the support of the directors.