

Parkin Silversmiths Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2003



Parkin Silversmiths Limited

DIRECTORS AND OFFICERS

DIRECTORS

PJ Tear
M Rathbone

SECRETARY

JES Dunn, FCA

REGISTERED OFFICE

Royds Mills
Windsor Street
Sheffield
S4 7WB

AUDITORS

Baker Tilly
Chartered Accountants
Brazennose House
Lincoln Square
Manchester M2 5BL

BANKERS

HSBC plc
PO Box 181
27/32 Poultry
London EC2P 2BX

SOLICITORS

Nabarro Nathanson
1 South Quay
Victoria Quays
Wharf Street
Sheffield S2 5SY

Parkin Silversmiths Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Parkin Silversmiths Limited for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the company was the manufacture of silverware, holloware and cutlery.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year are shown in the profit and loss account on page 5. The trade was transferred to British Silverware Limited in the prior year.

DIVIDENDS

The directors have paid a dividend of £1,679,666 (2002: £Nil).

DIRECTORS

The following directors have held office since 1 January 2003:

PJ Tear
M Rathbone

DIRECTORS' INTERESTS IN SHARES

Neither of the directors held an interest in the share capital of the company. The interest of Mr PJ Tear in the share capital of the ultimate holding company is shown in the financial statements of that company.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



JES Dunn
Secretary

16 September 2004

Parkin Silversmiths Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARKIN SILVERSMITHS LIMITED

We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's members, 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 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

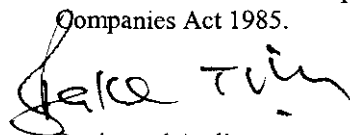
Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Chartered Accountants
Brazenose House
Lincoln Square
Manchester M2 5BL

16 September 2004

Parkin Silversmiths Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Notes	2003 £	2002 £
TURNOVER	1	-	198,304
Cost of sales		(5,836)	(212,878)
Gross loss		(5,836)	(14,574)
Other operating expenses (net)	2	(31,480)	(18,859)
		(37,316)	(33,433)
Other operating income		6,300	6,667
Profit on sale of building		102,600	-
OPERATING PROFIT/(LOSS)		71,584	(26,766)
Interest receivable	3	64	21
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	71,648	(26,745)
Taxation	6	-	3,705
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		71,648	(23,040)
Dividends	7	(1,679,666)	-
RETAINED PROFIT/(LOSS) FOR THE YEAR	15	(1,608,018)	(23,040)

The operating loss for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Parkin Silversmiths Limited

NOTE OF HISTORICAL COST PROFIT AND LOSSES for the year ended 31 December 2003

	2003 £	2002 £
Retained loss on ordinary activities before taxation	71,648	(26,745)
Realisation of property revaluation gains of previous years	195,908	-
Difference between depreciation charge on an historical cost and revalued basis	-	4,981
Historical cost loss on ordinary activities before taxation	<u>267,556</u>	<u>(21,764)</u>
Historical cost loss on ordinary activities after taxation	<u>267,556</u>	<u>(18,059)</u>

Parkin Silversmiths Limited

BALANCE SHEET

31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Intangible assets	8	-	17,085
Tangible assets	9	-	311,563
		<u>-</u>	<u>328,648</u>
CURRENT ASSETS			
Debtors	10	44,897	2,616,348
Cash at bank and in hand		1,173	1,292
		<u>46,070</u>	<u>2,617,640</u>
CREDITORS: Amounts falling due within one year	11	(6,070)	(1,298,270)
NET CURRENT ASSETS		<u>40,000</u>	<u>1,319,370</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,000</u>	<u>1,648,018</u>
CAPITAL AND RESERVES			
Called up share capital	12	40,000	40,000
Revaluation reserve	13	-	195,908
Profit and loss account	14	-	1,412,110
EQUITY SHAREHOLDERS' FUNDS	15	<u>40,000</u>	<u>1,648,018</u>

Approved by the board on 16 September 2004

Director

h. Dear

Parkin Silversmiths Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

GROUP ACCOUNTS

These financial statements present information about the entity rather than the group of which it is a holding company.

The company is not required to prepare group accounts according to the exemption under Section 228 of the Companies Act 1985 on the grounds that the company is itself a wholly owned subsidiary.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

COST OF SALES

Cost of sales is stated as all those costs directly incurred by the company, including depreciation and an appropriate proportion of overheads, in order to bring each product sold to its saleable condition and to provide the services to customers.

AMORTISATION

The company provides for amortisation on its intangible assets in equal instalments over its estimated useful life at the following rates:-

Trademarks	-	5% straight line
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DEPRECIATION

Depreciation is calculated to write off the cost or valuation of all tangible fixed assets, other than freehold land which is not depreciated, in equal annual instalments over their estimated useful lives at the following rates:

Buildings	-	2% straight line
Plant and machinery	-	5 - 10% straight line
Fixtures and fittings	-	10% straight line

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued by the directors at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

DEFERRED TAX

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. All exchange differences arising are included in the profit and loss account for the year.

Parkin Silversmiths Limited

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly-owned subsidiary of a parent undertaking which publishes a consolidated cash flow statement.

Parkin Silversmiths Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	2003 £	2002 £
United Kingdom	-	198,304
Rest of world	-	-
	<u>-</u>	<u>198,304</u>

2 OTHER OPERATING EXPENSES (NET)

	2003 £	2002 £
Distribution costs	-	(1,054)
Administration expenses	(31,480)	(17,805)
	<u>(31,480)</u>	<u>(18,859)</u>

3 INTEREST RECEIVABLE

	2003 £	2002 £
Bank interest	64	21
	<u>64</u>	<u>21</u>

4 LOSS ON ORDINARY ACTIVITIES

	2003 £	2002 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year	4,800	8,226
Rents from properties	(6,300)	(6,667)
Amortisation	-	1,005
Auditors' remuneration	2,500	-
	<u>900</u>	<u>2,564</u>

Parkin Silversmiths Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

5	EMPLOYEES	2003 No.	2002 No.
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The average monthly number of persons (including directors) employed by the company during the year was:

Production and sales staff	-	-
Management and administration	2	2
	<u>2</u>	<u>2</u>

Staff costs for above persons:

	2003 £	2002 £
Wages and salaries	-	-
Social security costs	-	-
	<u>-</u>	<u>-</u>

The directors are remunerated for their services to the company (and fellow subsidiary and parent undertakings) through a fellow subsidiary company. It is not practicable to estimate the amount of remuneration paid to the directors for their specific services to the company.

6	TAXATION	2003 £	2002 £
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Current tax:

UK corporation tax on results of the period	-	-
Group relief	-	(3,705)
Total current tax	<u>-</u>	<u>(3,705)</u>

Deferred taxation:

Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>

Tax on loss on ordinary activities	-	(3,705)
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Parkin Silversmiths Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

6	TAXATION (<i>continued</i>)		
	Factors affecting tax charge for period:	2003	2002
		£	£
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19.00%). The differences are explained below:		
	Loss on ordinary activities before tax	71,648	(26,745)
	Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 19.00% (2002: 19.25%)	13,613	(5,148)
	Effects of:		
	Expenses not deductible for tax purposes/(income not taxable)	(13,504)	-
	Depreciation in excess of capital allowances	(673)	1,443
	Losses surrendered to group companies	-	3,705
	Receipts for losses surrendered to group company	-	(3,705)
	Unrelieved tax losses and other adjustments	564	-
	Tax charge for period	-	(3,705)
7	DIVIDENDS	2004	2003
		£	£
	Dividends paid	1,679,666	-
8	INTANGIBLE FIXED ASSETS		£
	Cost		
	1 January 2003		20,100
	Transfer to group company		(20,100)
			-
	Amortisation:		
	1 January 2003		3,015
	Charge for year		-
	Transfer to group company		(3,015)
			-
	31 December 2003		-
	Net book value:		
	31 December 2003		-
			-
	31 December 2002		17,085

Parkin Silversmiths Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
1 January 2003	320,000	174,923	42,609	537,532
Disposal	(320,000)	-	-	(320,000)
Transfer to group	-	(174,923)	(42,609)	(217,532)
	-	-	-	-
Depreciation				
1 January 2003	12,800	170,560	42,609	225,969
Charged in the year	4,800	-	-	4,800
Disposals	(17,600)	-	-	(17,600)
Transfer to group company	-	(170,560)	(42,609)	(213,169)
31 December 2003	-	-	-	-
Net book value				
31 December 2003	-	-	-	-
31 December 2002	307,200	4,363	-	311,563

All tangible fixed assets are shown at cost with the exception of freehold land and buildings which were revalued at January 1993 at £320,000, being their open market value.

The company was following the transitional arrangements under FRS 15 and is carrying the assets at the revalued book amount. As a result, the valuation has not been updated.

On an historical cost basis, freehold land and buildings would have been included at:

	£
Cost	
1 January 2003	141,938
Disposal	(141,938)
31 December 2003	-
Cumulative depreciation based on cost:	
1 January 2003	39,869
Disposal	(39,869)
31 December 2003	-
31 December 2003	-
31 December 2002	101,529

Parkin Silversmiths Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

10	DEBTORS	2003 £	2002 £
	Amounts owed by group companies	44,462	2,595,458
	Other debtors	435	556
	Prepayments and accrued income	-	20,334
		<u>44,897</u>	<u>2,616,348</u>
11	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Trade creditors	-	3,779
	Amounts owed to group companies	-	1,291,188
	Other creditors	3,070	3,303
	Accruals and deferred income	3,000	-
		<u>6,070</u>	<u>1,298,270</u>
12	SHARE CAPITAL	2003 £	2002 £
	Authorised: 40,000 ordinary shares of £1 each	40,000	40,000
	Allotted, issued and fully paid: 40,000 ordinary shares of £1 each	40,000	40,000
13	REVALUATION RESERVE	2003 £	2002 £
	1 January 2003	195,908	200,889
	Transfer to profit and loss account	(195,908)	(4,981)
	31 December 2003	<u>-</u>	<u>195,908</u>

Parkin Silversmiths Limited

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

14	PROFIT AND LOSS ACCOUNT	2003 £	2002 £
	1 January 2003	1,412,110	1,430,169
	Retained (loss) for the year	(1,608,018)	(23,040)
	Transfer from revelation reserve	195,908	4,981
	31 December 2003	-	1,412,110

15	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2003 £	2002 £
	Profit/(loss) for the financial year	71,648	(23,040)
	Dividends	(1,679,666)	-
	Net reduction to shareholders' funds	(1,608,018)	(23,040)
	Opening equity shareholders' funds	1,648,018	1,671,058
	Closing equity shareholders' funds	40,000	1,648,018

16 ONTINGENT LIABILITIES

The company is party to a composite accounting guarantee in respect of bank overdrafts and loans of other group companies. At 31 December 2003 there was a contingent liability amounting to £169,351 (2002: £33,858).

The composite accounting guarantee referred to above is secured by a charge over, amongst other group assets, the company's workshop and offices at Bowling Green Street, Sheffield.

17 RELATED PARTIES

The company has taken advantage of the exemption from disclosing transactions with entities that are part of the group qualifying as related parties conferred by Financial Reporting Standard No. 8 on the grounds that the consolidated financial statements of the group in which the subsidiary is included are publicly available.

18 SUBSIDIARY COMPANY

The undermentioned is a subsidiary company incorporated in the United Kingdom:

Elkington Sheffield Limited

Shareholding	-	100% ordinary shares
Nature of business	-	non-trading

19 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Spurn Finance Limited, a company incorporated in England. Spurn Finance Limited is not required to prepare group accounts. The company's ultimate parent undertaking is Solpro Manufacturing Limited, a company incorporated in England.

Mr PJ Tear is the ultimate controlling party.