

Parry People Movers Limited

Financial Statements

31 December 2004

Company Number: 2652429



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FINANCIAL STATEMENTS

Year ended 31 December 2004

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Parry People Movers Limited

Company Information

Incorporated

In England on 3 October 1991

Number:

2652429

REPORT AND FINANCIAL STATEMENTS 2004

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS

J P M Parry MBE

(Chairman & Chief Executive)

R S Glendenning

P A L Gordon

J S Hilton

C B Holden OBE

G J Lusher

B C Mackie

D R Oldfield

R L Sanson

(From 6 June 2005)

PROFESSIONAL ADVISORS

Company Secretary

P R Evans BSc, CPFA, MCIT.

Registered Office

Overend Road, Cradley Heath,
West Midlands, B64 7DD.

Auditors

Gallagher & Co
Chartered Accountants, Registered Auditor,
Ivydene House, Uckinghall, Tewkesbury,
Glous. GL20 6ES.

Corporate Advisors

Wrigleys, Solicitors
19 Cookridge Street
Leeds, LS2 3AG.

Bankers

HSBC Bank plc
1 Great Cornbow, Halesowen,
West Midlands, B63 3AD.

Solicitors

Wrigleys, Solicitors
19 Cookridge Street
Leeds, LS2 3AG.

Registrars

The Company Secretary
Overend Road, Cradley Heath,
West Midlands, B64 7DD.

DIRECTOR'S REPORT

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

Principal Activity

The principle activities of the company is the development and marketing of flywheel/hybrid powered railcars and the promotion of ultra-light rail systems.

Directors

The directors of the company and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31 December 2004 Ordinary shares	31 December 2003 Ordinary shares
J P M Parry MBE	197,332	197,332
R S Glendenning	20,335	19,835
P A L Gordon	6,608	6,608
J S Hilton	200	200
C B Holden	575	250
G J Lusher	-	-
B C Mackie	6,238	6,238
D R Oldfield	8,716	8,716
R L Sanson	16,813	15,284

In respect of JPM Parry's recorded interest a total of 164,292 shares (2003: 164,292) were registered in the name of JPM Parry & Associates Ltd.

In accordance with the Articles of Association, B C Mackie and J S Hilton retire by rotation and offer themselves for re-election.

Share capital

19,787 new ordinary £1 shares were allotted during the year for a total consideration of £39,574.

Substantial Shareholders

On the 19 September 2005 the Company had received notification of the following interests in more than 3% of the Company's issued share capital held by shareholders other than directors:

The executors of H F Marriott (d'cd) 59,686 shares.

Auditors

Gallagher & Co have agreed to offer themselves for re-appointment as auditors of the company.

Corporate governance

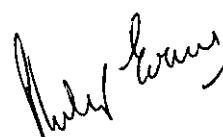
The directors acknowledge the importance of the Stock Exchange Combined Code and intend to apply it as appropriate to a company of the size and nature of Parry People Movers Ltd.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

P R Evans
Secretary



19 September 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

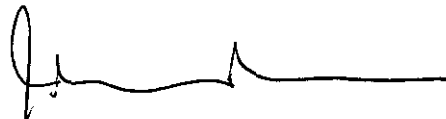
Year ended 31 December 2004

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the ongoing 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



J P M Parry MBE
Chairman

Overend Road, Cradley Heath
West Midlands, B64 7DD

19 September 2005

PARRY PEOPLE MOVERS LTD

AUDITORS' REPORT

Auditors' report to the members of

Parry People Movers Ltd

We have audited the financial statements on pages 5 to 11, which have been prepared under the historical cost convention and the accounting policies set out in page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examinations, 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 of 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 error or other irregularity. 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 as at 31 December 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Tewkesbury, Glos.
3 October 2005

Gallagher & Co.
Chartered Accountants
Registered Auditor

Parry People Movers Limited

BALANCE SHEET

As at 31 December 2004

	Notes	2004 £	£	2003 £	£
Fixed Assets					
Intangible assets	5		337,750		337,750
Tangible assets	6		<u>107,666</u>		<u>149,482</u>
			445,416		487,232
Current Assets					
Debtors	7	15,636		3,398	
Cash at bank and in hand		40		40	
		<u>15,676</u>		<u>3,438</u>	
Creditors: amounts falling due within one year	8	<u>(170,768)</u>		<u>(96,288)</u>	
Net Current Liabilities		<u>(155,092)</u>		<u>(92,850)</u>	
Total assets less Current Liabilities			290,324		394,382
Creditors: amounts falling due after more than one year (including convertible debt)	9	(202,850)		(177,850)	
	12		<u>87,474</u>		<u>216,532</u>
Capital and reserves					
Called up share capital	10		773,746		753,959
Share premium account	11		953,198		935,061
Profit and Loss account		(1,639,470)		(1,472,488)	
			<u>87,474</u>		<u>216,532</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 11 were approved by the Board of Directors on 19 September 2005 and signed on its behalf by:

J P M Parry MBE
Chairman

Parry People Movers Limited

Profit and Loss Account

Year ended 31 December 2004

	Notes	2004 £	2003 £
Total Income		5,315	5,476
Total Expenditure		168,228	180,947
Operating deficit		(162,913)	(175,471)
Interest Payable	3	(4,069)	2,576)
Loss on ordinary activities before taxation		(166,982)	(172,895)
Taxation	4	-	-
Loss on ordinary activities after taxation retained for the year		(166,982)	(172,895)

Parry People Movers Limited

Statement of Financial Activities

Year ended 31 December 2004

	Notes	2004 £	2003 £
INCOME AND EXPENDITURE			
Incoming resources			
Sundry income		5,315	5,468
Interest receivable	2	0	8
Total incoming resources		5,315	5,476
Resources expended			
Direct expenditure	2	168,228	180,947
Interest Payable	3	4,069	2,576
Total resources expended		172,297	183,523
Net (outgoing) resources for the year		(166,982)	(178,047)
Net movement in reserves		(166,982)	(178,047)
Total reserves brought forward		(1,472,488)	(1,294,441)
Total reserves carried forward		(1,639,470)	(1,472,488)

All activities derive from continuing operations.

There are no recognised gains or losses for the current and prior years other than as stated above.

Parry People Movers Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Intangible fixed assets

Deferred development costs are amortised as to 33% on cost against related income.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Demonstration trackwork and buildings	10% on cost
Demonstration plant and machinery	25% on cost
Other plant and machinery	20% on cost
Fixtures, fittings and office equipment	33% on cost

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit.

Leases and hire purchase contracts

Rentals paid under operating leases are charged to income as incurred.

2 Operating Loss

	2004 £	2003 £
Operating loss is stated after crediting:		
Interest receivable	0	8
Operating loss is stated after charging:		
Depreciation	32,745	44,464
Auditors' remuneration - audit fees	750	750

3 Interest payable

	2004 £	2003 £
Interest on unsecured loan stock	4,069	2,576

4 Taxation

No liability for corporation tax arises on the results for the year.

5 Intangible fixed assets

	2004 £	2003 £
Deferred development expenditure		
Balance of Account at start of year	337,750	330,125
Additions during the year	0	7,625
Written off during the year	0	0
Balance of Account at end of year	<u>337,750</u>	<u>337,750</u>

6 Tangible Fixed Assets

	Demo equipment £	Plant & Machinery £	Computer equipment £	Office equipment £	Total £
Cost					
As at 1 January 2004	404,784	15,518	2,190	3,115	425,607
Additions	(9,071)	0	0	0	(9,071)
Disposals	0	0	0	0	0
As at 31 December 2004	<u>395,713</u>	<u>15,518</u>	<u>2,190</u>	<u>3,115</u>	<u>416,536</u>
Depreciation					
As at 1 January 2004	255,302	15,518	2,190	3,115	276,125
Additions	32,745	0	0	0	32,745
Disposals	0	0	0	0	0
As at 31 December 2004	<u>288,047</u>	<u>15,518</u>	<u>2,190</u>	<u>3,115</u>	<u>308,870</u>
Net book value					
As at 31 December 2004	<u>107,666</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>107,666</u>
As at 1 January 2004	<u>149,482</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>149,482</u>
Note: Additions at cost	51,076				
Grant receipts (Dti Smart)	(51,076)				
	<u>0</u>				

7 Debtors

	2004 £	2003 £
Trade debtors	0	1,773
Prepayments and accrued income	15,636	1,625
	<u>15,636</u>	<u>3,398</u>

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank Overdraft	24,054	11,482
Trade creditors	86,812	51,322
Other taxes and social security	525	380
Accruals and deferred income	59,377	33,104
	<u>170,768</u>	<u>96,288</u>

9 Creditors: amounts falling due after more than one year

	2004	2003
	£	£
Convertible debt		
Unsecured, convertible 6% Loan Stock 2005-2007	55,000	55,000
Unsecured, convertible 6½% Loan Stock 2007-2009	25,000	0
Non-Convertible debt		
Unsecured Loan Stock (Note)	122,850	122,850
	<u>202,850</u>	<u>177,850</u>

Note: Unsecured Loan Stock is repayable to the Railcar 11 and 12 syndicates from the proceeds of sale or the revenue arising from the deployment of Railcars 11 and 12 when that occurs.

10 Called up share capital
Authorised

	2004		2003	
	Number of shares	£	Number of shares	£
Ordinary Shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
Allotted, called up and fully paid	<u>773,746</u>	<u>773,746</u>	<u>753,959</u>	<u>753,959</u>

Ordinary Shares of £1 each

During the year 19,787 new shares were allotted and fully paid for cash to maintain the capital base of the Company. The new shares were issued at a price of £2.00 each.

11 Share premium account

	2004	2003
	£	£
Balance of Account at start of year	935,061	862,378
Premium on shares issued in the year	19,787	74,124
Share issue costs written off	(1,650)	(1,441)
Balance of Account at end of year	<u>953,198</u>	<u>935,061</u>

12 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Loss for the financial year	(166,982)	(178,047)
New share capital subscribed	39,574	148,248
Share issue costs written off	<u>(1,650)</u>	<u>(1,441)</u>
Net subtraction from shareholder's funds	(129,058)	(31,240)
Opening shareholder's funds	216,532	247,772
Closing shareholders' funds	<u>87,474</u>	<u>216,532</u>

13 Director's interests and loans

Contracts subsisted during the year between the company and the undermentioned director, or companies with which that director is connected, under which goods or services were provided to the company to the following value:

	2004	2003
	£	£
J P M Parry MBE	92,800	121,232