

HYDE SAILS LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2000

Company Registration Number 1530833



HLB KIDSONS
Chartered Accountants & Registered Auditors
Ocean House
Waterloo Lane
Chelmsford
Essex
CM1 1BD

HYDE SAILS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2000

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HYDE SAILS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2000.

Principal activities and business review

The two principal activities of the company during the year were the cutting of airbags and side panels for the automotive industry and the design and manufacture of sails. The cutting of airbags trade ceased in November 2000. During the year the Company has undertaken a rebranding exercise and invested £30,000 to create a new identity which will remain under the Company's exclusive control.

The Company opened an operation at Port Hamble, Hants. in December 2000. As a consequence of this the Woodham and Burnham premises were closed in November 2000. The marina at Port Hamble will act as a major potential market for Hyde Sails. The operation will be responsible for producing custom made sails for the retail market.

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 recommended the following dividends:

	2000 £	1999 £
Dividends paid on ordinary shares	<u>130,000</u>	<u>-</u>

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 30 September 2000	At 1 October 1999
A E Hyde	220,887	207,815
A E Hepper	-	13,072
M B Lennon	5,113	5,113
J S McMahon	-	-
K G Sproul	<u>-</u>	<u>-</u>

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.

HYDE SAILS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2000

Directors' responsibilities *(continued)*

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

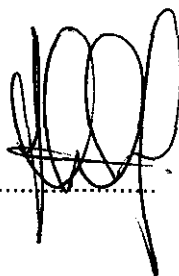
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

Registered office:
263 Church Road
Benfleet
Essex
SS7 4QL

Signed by order of the directors



J S McMahon
Company Secretary

14/3/2001

Approved by the directors on

HYDE SAILS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 SEPTEMBER 2000

We have audited the financial statements on pages 4 to 17 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 8 to 9.

Respective responsibilities of the directors and the auditors

As described on pages 1 to 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

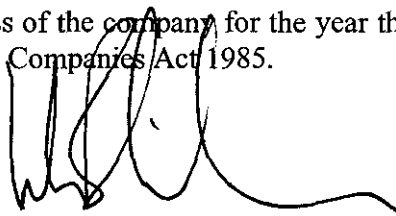
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 as at 30 September 2000 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Ocean House
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HLB KIDSONS
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& Registered Auditors

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HYDE SAILS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2000

	Note	2000 £	1999 £
Turnover	2	3,467,849	3,188,678
Cost of sales		(2,288,568)	(2,168,715)
Gross profit		<u>1,179,281</u>	<u>1,019,963</u>
Administrative expenses		(1,159,198)	(1,032,954)
Operating profit/(loss)	3	<u>20,083</u>	<u>(12,991)</u>
Interest receivable		275	606
Interest payable and similar charges	6	(35,790)	(33,064)
Loss on ordinary activities before taxation		<u>(15,432)</u>	<u>(45,449)</u>
Tax on loss on ordinary activities	7	(9,295)	16,481
Loss on ordinary activities after taxation		<u>(24,727)</u>	<u>(28,968)</u>
Dividends	8	(130,000)	-
Loss for the financial year		<u>(154,727)</u>	<u>(28,968)</u>

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

HYDE SAILS LIMITED

YEAR ENDED 30 SEPTEMBER 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000	1999
	£	£
Loss for the financial year attributable to the shareholders	(24,727)	(28,968)
Unrealised profit on revaluation of properties	-	30,000
Total gains and losses recognised since the last annual report	<u>(24,727)</u>	<u>1,032</u>

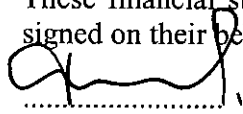
HYDE SAILS LIMITED

BALANCE SHEET

30 SEPTEMBER 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	9	744,784	744,470
Investments	10	-	2,045
		<u>744,784</u>	<u>746,515</u>
Current assets			
Stocks	11	320,862	354,580
Debtors	12	413,419	282,179
Cash at bank and in hand		23,021	194,659
		<u>757,302</u>	<u>831,418</u>
Creditors: amounts falling due within one year	13	<u>(673,863)</u>	<u>(618,919)</u>
Net current assets		83,439	212,499
Total assets less current liabilities		<u>828,223</u>	<u>959,014</u>
Creditors: amounts falling due after more than one year	14	<u>(29,256)</u>	<u>(5,320)</u>
		<u>798,967</u>	<u>953,694</u>
Capital and reserves			
Called-up equity share capital	19	226,000	226,000
Share premium account		27,000	27,000
Revaluation reserve		240,170	240,170
Other reserves	20	40,000	40,000
Profit and loss account	21	265,797	420,524
Shareholders' funds	22	<u>798,967</u>	<u>953,694</u>

These financial statements were approved by the directors on the 14/3/2001, and are signed on their behalf by:


A E Hyde


M B Lennon

HYDE SAILS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2000

	Note	2000	1999
		£	£
Net cash inflow from operating activities	23	124,894	1,878
Returns on investments and			
Servicing of finance			
Interest received		275	606
Interest paid		(29,685)	(23,433)
Interest element of hire purchase agreements		(6,105)	(9,631)
		(35,515)	(32,458)
Taxation		(3,238)	(1,776)
Capital expenditure			
Payments to acquire tangible fixed assets		(49,452)	(19,596)
Receipts from sale of fixed assets		4,936	2,129
		(44,516)	(17,467)
Equity dividends paid		(130,000)	-
		(88,375)	(49,823)
Financing			
Repayment of bank loans		(24,942)	(27,983)
Capital element of hire purchase agreements		(56,558)	(62,588)
		(81,500)	(90,571)
Decrease in cash	24	(169,875)	(140,394)

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

1. 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 applicable accounting standards.

Turnover

Turnover represents the amount derived from the provision of goods and services during the year, after the deduction of trade discounts and value added tax.

Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of the net assets acquired, is written off to reserves in the year of acquisition.

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	- 20-25% straight line
Fixtures & Fittings	- 20% straight line
Motor Vehicles	- 30% reducing balance
Yachts	- 20% straight line

No depreciation is provided on the freehold property. It is the company's policy to maintain its property in a sound state of repair and, accordingly, the directors consider that the life of the property is so long and residual value such that depreciation is immaterial.

Stocks

Stocks and work in progress are valued by the directors at the lower of cost and net realisable value. Cost comprises of direct expenditure and attributable overheads.

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.

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

1. Accounting policies (*continued*)

Hire purchase agreements

Assets which have been funded through hire purchase contracts and finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. Resulting obligations under such agreements are included in creditors net of interest charge allocated to future periods. The interest element of the rental payment is charged to profit and loss account.

Rentals payable under operating leases are charged against income as incurred over the lease term.

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

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they are payable to the scheme.

Foreign currencies

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

2. Turnover

The company operates in two principal activities, that of the cutting of airbags and side panels for the automotive industry and the design and manufacture of sails. Turnover is analysed as follows:

	2000	1999
Area of activity	£	£
Airbags	672,066	793,536
Sails	2,795,783	2,391,262
Geographical area		
UK	3,235,230	2,846,798
Europe	120,970	209,000
Rest of the world	111,649	129,000

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

3. Operating profit/loss

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

	2000 £	1999 £
Depreciation	105,566	101,975
Loss/(Profit) on disposal of fixed assets	2,094	(1,399)
Auditors' remuneration		
- as auditors	5,000	5,000
Net (profit)/loss on foreign currency translation	(1,480)	5,839

4. Particulars of employees

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

	2000 No.	1999 No.
Number of production staff	49	48
Number of administrative staff	25	25
	<u>74</u>	<u>73</u>

The aggregate payroll costs of the above were:

	2000 £	1999 £
Wages and salaries	1,144,961	1,015,872
Social security costs	97,243	83,024
Other pension costs	19,490	16,776
	<u>1,261,694</u>	<u>1,115,672</u>

5. Directors' emoluments

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

	2000 £	1999 £
Emoluments receivable	191,692	178,115
Value of company pension contributions to money purchase schemes	19,490	16,776
	<u>211,182</u>	<u>194,891</u>

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

5. Directors' emoluments (*continued*)

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

	2000 No.	1999 No.
Money purchase schemes	<u>3</u>	<u>3</u>

6. Interest payable and similar charges

	2000 £	1999 £
Interest payable on bank borrowing	1,013	5,177
Finance charges	6,105	9,631
Other similar charges payable	28,672	18,256
	<u>35,790</u>	<u>33,064</u>

7. Tax on loss on ordinary activities

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (1999 - 21%)	7,800	(16,481)
Adjustment in respect of previous years:		
Corporation Tax	1,495	-
	<u>9,295</u>	<u>(16,481)</u>

8. Dividends

The following dividends have been paid in respect of the year:

	2000 £	1999 £
Dividend paid on ordinary shares	<u>130,000</u>	<u>-</u>

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

9. Tangible fixed assets

	Freehold Property £	Plant & Machin- ery £	Fixtures & Fittings £	Motor Vehicles £	Yachts £	Total £
Cost or valuation						
At 1 Oct 1999	490,000	567,890	33,492	49,032	51,493	1,191,907
Additions	-	95,824	5,354	11,242	490	112,910
Disposals	-	-	-	-	(10,341)	(10,341)
At 30 Sep 2000	<u>490,000</u>	<u>663,714</u>	<u>38,846</u>	<u>60,274</u>	<u>41,642</u>	<u>1,294,476</u>
Depreciation						
At 1 Oct 1999	-	378,025	21,455	19,892	28,065	447,437
Charge for the year	-	84,237	3,581	10,758	6,990	105,566
On disposals	-	-	-	-	(3,311)	(3,311)
At 30 Sep 2000	<u>-</u>	<u>462,262</u>	<u>25,036</u>	<u>30,650</u>	<u>31,744</u>	<u>549,692</u>
Net book value						
At 30 Sep 2000	<u>490,000</u>	<u>201,452</u>	<u>13,810</u>	<u>29,624</u>	<u>9,898</u>	<u>744,784</u>
At 30 Sep 1999	<u>490,000</u>	<u>189,865</u>	<u>12,037</u>	<u>29,140</u>	<u>23,428</u>	<u>744,470</u>

Revaluation of fixed assets

The freehold land and buildings at 263 Church Road, Benfleet, Essex were revalued on an open market, existing use basis in May 1999 by Messrs Taylor and Company, Chartered Surveyors. The excess of £30,000 over historical cost has been taken to the revaluation reserve. No provision has been made for corporation tax on the capital gain were the property to be sold at its revalued amount. The estimated potential liability is £17,046.

Hire purchase agreements

Included within the net book value of £744,784 is £139,594 (1999 - £119,729) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £57,537 (1999 - £50,192).

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

10. Investments

Unlisted investment

	£
Cost	
At 1 October 1999 and 30 September 2000	<u>2,045</u>
Amounts written off	
Written off in year	<u>2,045</u>
At 30 September 2000	<u>2,045</u>
Net book value	
At 30 September 2000	-
At 30 September 1999	<u>2,045</u>

11. Stocks

	2000 £	1999 £
Raw Materials	152,519	209,448
Work in progress	43,658	22,003
Finished goods	124,685	123,129
	<u>320,862</u>	<u>354,580</u>

12. Debtors

	2000 £	1999 £
Trade debtors	392,487	259,942
Other debtors	3,014	496
Prepayments and accrued income	17,918	21,741
	<u>413,419</u>	<u>282,179</u>

13. Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	216,020	242,520
Trade creditors	273,795	239,811
Corporation Tax	7,800	1,743
Other taxation and social security	94,274	41,213
Other creditors	56,817	47,945
Accruals and deferred income	25,157	45,687
	<u>673,863</u>	<u>618,919</u>

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

13. Creditors: amounts falling due within one year (*continued*)

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

	2000 £	1999 £
Bank loans and overdrafts	216,020	242,520
Other creditors including taxation and social security	28,040	47,326
	<u>244,060</u>	<u>289,846</u>

14. Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loans and overdrafts	-	2,250
Other creditors including: Hire purchase agreements	29,256	3,070
	<u>29,256</u>	<u>5,320</u>

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

	2000 £	1999 £
Bank loans and overdrafts	-	2,250
Other creditors	29,256	3,070
	<u>29,256</u>	<u>5,320</u>

The bank loan and overdraft facility are secured by fixed and floating charges over the assets of the company. The bank loans are due for review in June 2000. Interest is fixed at 9% on the Commercial Fixed Rate loan and 2.25% above base rate on the remaining loan.

15. Deferred taxation

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2000 £	1999 £
Excess of taxation allowances over depreciation on fixed assets	<u>36,031</u>	<u>38,516</u>

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2000 £	1999 £
Amounts payable within 1 year	28,040	47,326
Amounts payable between 1 and 2 years	29,256	3,070
	<u>57,296</u>	<u>50,396</u>

17. Commitments under operating leases

At 30 September 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	2000		1999	
	Land & Buildings £	Other Items £	Land & Buildings	Other Items £
Operating leases which expire:				
Within 1 year	12,000	7,730	-	6,020
Within 2 to 5 years	4,500	35,842	16,500	23,214
	<u>16,500</u>	<u>43,572</u>	<u>16,500</u>	<u>29,234</u>

18. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

19. Share capital

Authorised share capital:

	2000 £	1999 £
239,000 Ordinary shares of £1 each	<u>239,000</u>	<u>239,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>226,000</u>	<u>226,000</u>

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

20. Other reserves

	2000	1999
	£	£
Capital redemption reserve	<u>40,000</u>	<u>40,000</u>

21. Profit and loss account

	2000	1999
	£	£
Balance brought forward	420,524	449,492
Retained loss for the financial year	(154,727)	(28,968)
Balance carried forward	<u>265,797</u>	<u>420,524</u>

22. Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Loss for the financial year	(24,727)	(28,968)
Dividends	(130,000)	-
	<u>(154,727)</u>	<u>(28,968)</u>
Other net recognised gains and losses	-	30,000
Net (reduction)/addition to funds	<u>(154,727)</u>	<u>1,032</u>
Opening shareholders' equity funds	953,694	952,662
Closing shareholders' equity funds	<u>798,967</u>	<u>953,694</u>

23. Reconciliation of operating profit/(loss) to Net cash inflow from operating activities

	2000	1999
	£	£
Operating profit/(loss)	20,083	(12,991)
Depreciation	105,566	101,975
Loss/(profit) on disposal of fixed assets	2,094	(1,399)
Decrease/(increase) in stocks	33,718	(33,065)
(Increase)/decrease in debtors	(131,240)	315,248
Increase/(decrease) in creditors	94,673	(367,890)
Net cash inflow from operating activities	<u>124,894</u>	<u>1,878</u>

HYDE SAILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2000

24. Reconciliation of net cash flow to movement in net debt

	2000 £	1999 £
Decrease in cash in the period	(169,875)	(140,394)
Net cash outflow from bank loans	24,942	27,983
Net cash outflow in respect of hire purchase agreements	56,558	62,588
Change in net debt resulting from cash flows	(88,375)	(49,823)
Other differences	(63,458)	-
Movement in net debt in the period	(151,833)	(49,823)
Net debt at 1 October 1999	(100,507)	(50,684)
Net debt at 30 September 2000	(250,295)	(100,507)

25. Analysis of changes in net debt

	At 1 Oct 1999 £	Cash flows £	Other changes £	At 30 Sep 2000 £
Net cash:				
Cash in hand and at bank	194,659	(171,638)		23,021
Overdrafts	(217,137)	3,808		(213,329)
	(22,478)	(167,830)		(190,308)
Debt:				
Debt due within 1 year	(25,383)	22,692	-	(2,691)
Debt due after 1 year	(2,250)	2,250	-	-
Hire purchase agreements	(50,396)	56,558	(63,458)	(57,296)
	(78,029)	81,500		(59,987)
Net debt	(100,507)	(86,330)	(63,458)	(250,295)