

Company Reg No

H & P File No

1614521

S3371

SPENCER RIGGING LIMITED

1997 REPORT AND ACCOUNTS



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SPENCER RIGGING LIMITED

Directors

H Spencer (Chairman)

J B Bradley

Mrs R R Spencer

Secretary

J B Bradley

Registered Office

Empire Buildings
St Mary's Road
COWES
Isle of Wight
PO31 7SX

Principal Bankers

National Westminster Bank Plc
National Westminster House
Riverway Industrial Estate
NEWPORT
Isle of Wight
PO30 5UX

Auditors

Hunt and Partners
3 Garfield Road
RYDE
Isle of Wight
PO33 2PS

DIRECTORS' REPORT

The Directors submit their Annual Report and Accounts for the year ended 31st January 1997.

Results and Dividends

The trading profit for the year after taxation was £38,853.
(1996: £96,901).

The Directors do not recommend the payment of a dividend on the Ordinary Shares. The 5% dividend on the Preference Shares was paid during the year.

Review of the Business

The Company's principal activities of the design, manufacture and installation of yacht and commercial rigging remained unchanged throughout the year. During the year turnover decreased by 15% to £897,480.

Market Value of the Freehold Property

The Directors estimate the value of the Company's freehold property to be the same as that shown in the accounts.

Fixed Assets

During the year capital expenditure of £1,515 (1996: £12,074) was incurred relating to plant and fixtures.

Future Developments

The Directors hope that 1997 will be an improved year for trading and are hopeful that the profitability of the Company will improve.

Directors and their Interests

The Directors at 31st January 1997 and their interests in the capital of the Company were as follows:

<u>£1 Ordinary Shares</u>		
	<u>1997</u>	<u>1996</u>
H R Spencer	-	-
J B Bradley	1	1
Mrs R R Spencer (Appointed)	-	-

The Director retiring by rotation so as to comply with the Company's Articles of Association is J B Bradley, who, being eligible offers himself for re-election.

DIRECTORS' REPORT (Cont)

Statement of 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 and loss of the Company for the period. In preparing the 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 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.

Auditors

Messrs Hunt and Partners will be proposed for re-appointment as Auditors of the Company in accordance with Section 384(1) of the Companies Act 1985.

By Order of the Board


J B BRADLEY
Secretary

15th April 1997

AUDITORS REPORT TO THE SHAREHOLDERS OF
SPENCER RIGGING LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2 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 those statements and to report our opinion to you.

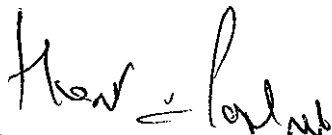
Basis of Opinion

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 31st January 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HUNT and PARTNERS

Chartered Accountants

and Registered Auditor

RYDE

Date: 15th April 1997

SPENCER RIGGING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JANUARY 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
Turnover	2	897,480	1,054,278
Cost of Sales		<u>643,899</u>	<u>715,894</u>
Gross Profit		<u>253,581</u>	<u>338,384</u>
Distribution Costs		10,877	12,699
Administrative Expenses		188,941	209,902
Interest Payable	4	<u>4,770</u>	<u>4,770</u>
		<u>204,588</u>	<u>227,371</u>
OPERATING PROFIT	5	48,993	111,013
Other Operating Income	6	<u>22,014</u>	<u>20,810</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		71,007	131,823
Dividend	7	625	-
Tax on Profit on Ordinary Activities	8	19,029	34,922
Extraordinary Item	9	<u>12,500</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		38,853	96,901
Retained Profit Brought Forward		<u>774,123</u>	<u>677,222</u>
RETAINED PROFIT CARRIED FORWARD		<u>£812,976</u>	<u>£774,123</u>

The notes on pages 7 to 12 form part of these accounts.

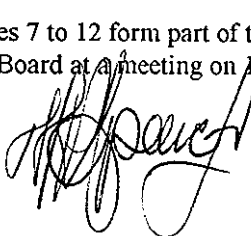
SPENCER RIGGING LIMITED

BALANCE SHEET AT 31ST JANUARY 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
FIXED ASSETS			
Tangible Assets	10	324,666	336,829
Goodwill		354,002	354,002
		<u>678,668</u>	<u>690,831</u>
CURRENT ASSETS			
Stocks	11	404,497	384,080
Debtors	12	239,910	187,327
Cash at Bank and in Hand		379,801	350,137
		<u>1,024,208</u>	<u>921,544</u>
CREDITORS: amounts falling due within one year	14	202,527	159,846
NET CURRENT ASSETS		<u>821,681</u>	<u>761,698</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,500,349	1,452,529
CREDITORS: amounts falling due after more than one year	15	6,773	10,306
		<u>£1,493,576</u>	<u>£1,442,223</u>
CAPITAL AND RESERVES			
Called Up Share Capital	13	111,200	98,700
Share Premium Account		394,400	394,400
Capital Reserve		175,000	175,000
Profit and Loss Account		812,976	774,123
		<u>£1,493,576</u>	<u>£1,442,223</u>

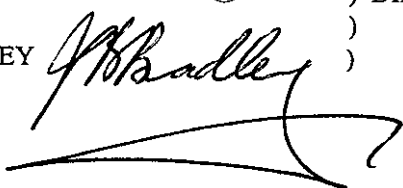
The notes on pages 7 to 12 form part of these accounts.
Approved by the Board at a meeting on 15th April 1997.

H R SPENCER



)
)
) DIRECTORS

J B BRADLEY



SOURCE AND APPLICATION OF FUNDS STATEMENT

YEAR ENDED 31ST JANUARY 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
SOURCE OF FUNDS			
<u>Generated from Trading Operations</u>			
Profit on Ordinary Activities Before Taxation		71,007	131,823
Adjustment for items not involving the movement of funds:			
Depreciation		13,678	15,094
Loss on Sale of Fixed Asset		-	46
		<u>84,685</u>	<u>146,963</u>
<u>Other Sources</u>			
Sale of Fixed Assets		-	390
TOTAL FUNDS		<u>£84,685</u>	<u>£147,353</u>
APPLICATION OF FUNDS			
Tangible Fixed Asset Acquisitions		1,515	12,074
Bank Loan Repayments		3,533	3,533
Corporation Tax Paid		34,992	23,404
Dividend Paid		625	-
Net Increase in Working Capital	16	<u>44,020</u>	<u>108,342</u>
		<u>£84,685</u>	<u>£147,353</u>

NOTES FORMING PART OF THE 1997 ACCOUNTS

1. Accounting Policies The principal accounting policies are set out below and have been applied consistently unless otherwise stated.

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

Events relating to the year ended 31st January 1997 which occurred before the date of approval of the accounts by the Board of Directors have been included in the accounts to the extent required by Statement of Standard Accounting Practice No 17.

(b) Depreciation

- Depreciation is provided on tangible fixed assets on the reducing balance basis at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Freehold and Leasehold Property	2% - straight line basis
Motor Vehicles	25% - reducing balance basis
Plant, Fixtures and Fittings	15% - reducing balance basis

(c) Stock

This is valued by the Directors at the lower of cost or net realisable value.

(d) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

All differences are taken to the profit and loss account.

(e) Leasing and Hire Purchase Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Profit and Loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

NOTES FORMING PART OF THE 1997 ACCOUNTS

(f) Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(g) Research and Development

Research and Development expenditure is written off as incurred.

(h) Contributions to Pension Funds

Pensions are funded by way of contributions to a defined contribution scheme.

2. Turnover This represents the net amount invoiced for goods and services supplied to customers during the year, excluding value added tax.

	<u>1997</u>	<u>1996</u>
UK	754,975	891,241
Foreign	142,505	163,037
	<u>£897,480</u>	<u>£1,054,278</u>

3. Directors and Employees Staff costs comprise the following:

	<u>1997</u>	<u>1996</u>
Wages and Salaries	245,794	285,441
Social Security Costs	24,227	24,095
Other Pension Costs	13,266	9,671
	<u>£283,287</u>	<u>£319,207</u>

Staff costs include the following remuneration in respect of Directors:

	<u>1997</u>	<u>1996</u>
Emoluments of Services as Director	<u>£53,568</u>	<u>£63,193</u>

NOTES FORMING PART OF THE 1997 ACCOUNTS

3. Directors and Employees (Cont)

The Directors' emoluments disclosed above include emoluments of the Chairman amounting to £29,600 (1996: £29,400). The highest paid Director received emoluments of £29,600 (1996: £33,793). The emoluments of the Directors fell within the following scales:

	<u>1997</u>	<u>1996</u>
£20,000 - £35,000	2	2

4. Interest Payable This represents the interest payable on the long-term loan from National Westminster Bank Plc.

5. Operating Profit This is stated after charging:

	<u>1997</u>	<u>1996</u>
Directors' Emoluments	53,568	63,193
Auditors Remuneration	5,000	4,800
Depreciation	13,678	15,094
Interest Payable	<u>4,770</u>	<u>4,770</u>

6. Other Operating Income

	<u>1997</u>	<u>1996</u>
Deposit Interest	15,014	13,810
Rent Received	<u>7,000</u>	<u>7,000</u>
	<u>£22,014</u>	<u>£20,810</u>

7. Dividend This represents the 5% dividend on the £12,500 Redeemable Preference Shares issued in the year.

8. Tax on Profit on Ordinary Activities

	<u>1997</u>	<u>1996</u>
Based on profit for the year:		
Corporation tax at 24%	<u>£19,029</u>	<u>£34,922</u>

NOTES FORMING PART OF THE 1997 ACCOUNTS

9. Extraordinary Item During the year a bonus issue was made of £12,500, 5% Redeemable Preference Shares.

10. Tangible Assets

<u>Cost or Valuation</u>	<u>Total</u>	<u>Freehold & Leasehold</u>	<u>Plant & Fixtures</u>	<u>Motor Vehicles</u>
At 1st February 1996	464,230	367,214	71,691	25,325
Additions	1,515	-	1,515	-
At 31st January 1997	465,745	367,214	73,206	25,325

Depreciation

At 1st February 1996	127,401	61,499	54,976	10,926
Charge for Year	13,678	7,344	2,734	3,600
At 31st January 1997	141,079	68,843	57,710	14,526

Net Book Value

At 31st January 1997	<u>£324,666</u>	<u>£298,371</u>	<u>£15,496</u>	<u>£10,799</u>
At 31st January 1996	<u>£336,829</u>	<u>£305,715</u>	<u>£16,715</u>	<u>£14,399</u>

Freehold and leasehold land is included at valuation.

The historical cost is £192,214.

NOTES FORMING PART OF THE 1997 ACCOUNTS

11. Stocks

The main categories of stock are:

	<u>1997</u>	<u>1996</u>
Raw Materials	376,626	339,863
Work in Progress	24,583	35,214
Finished Goods	3,288	9,003
	<u>£404,497</u>	<u>£384,080</u>

12. Debtors

	<u>1997</u>	<u>1996</u>
Trade Debtors	189,147	165,999
Prepayments and Accrued Income	15,035	11,329
• Fellow Subsidiary	35,728	9,999
	<u>£239,910</u>	<u>£187,327</u>

13. Share Capital This comprises the following

	<u>1997</u>	<u>1996</u>
<u>Authorised:</u>		
Ordinary Shares of £1 each	100,000	100,000
5% Redeemable Preference Shares of £1 each	20,000	-
	<u>£120,000</u>	<u>£100,000</u>
<u>Allotted, Issued and Fully Paid:</u>		
Ordinary Shares of £1 each	98,700	98,700
5% Redeemable Preference Shares of £1 each	12,500	-
	<u>£111,200</u>	<u>£98,700</u>

14. Creditors: amounts falling due within one year These comprise the following:

	<u>1997</u>	<u>1996</u>
Trade Creditors	56,562	42,070
Corporation Tax	19,369	35,332
Other Taxes and Social Security Costs	24,584	17,299
Accruals and Deferred Income	78,935	46,263
Directors' Loan Accounts	6,518	14,150
Fellow Subsidiary	16,559	4,732
	<u>£202,527</u>	<u>£159,846</u>

NOTES FORMING PART OF THE 1997 ACCOUNTS

15. Creditors: amounts falling due after more than one year This comprises the balance outstanding on the long term loan from National Westminster Bank Plc. The loan is secured by legal mortgage over all the freehold and leasehold property of the Company.

16. Increases/(Decreases) in Working Capital

	<u>1997</u>	<u>1996</u>
Stock	20,417	17,596
Debtors	52,583	(43,418)
Creditors	(66,276)	23,983
• Directors' Loan Accounts	<u>7,632</u>	<u>(2,223)</u>
	14,356	(4,062)
Movement in net liquid funds:		
Cash and Bank Balances	<u>29,664</u>	<u>112,404</u>
	<u>£44,020</u>	<u>£108,342</u>

17. Contingent Liability If the freehold property were sold at the value in the Balance sheet then a taxation charge of £43,750 would arise. Provision has not been made for this deferred taxation as it is not likely to arise in the foreseeable future.

18. Holding Company At 31st January 1997 the Company was a wholly owned subsidiary of Spencer (Isle of Wight) Limited.