

Company Reg No

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SPENCER RIGGING LIMITED

2000 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 2000.

Results and Dividends

The trading profit for the year after taxation was £72,639.
(1999: £69,690).

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 0.25% to £928,046.

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 £13,025 (1999: £7,942) was incurred relating to plant and fixtures.

Future Developments

The Directors hope that 2000 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 2000 and their interests in the capital of the Company were as follows:

	<u>£1 Ordinary Shares</u>	
	<u>2000</u>	<u>1999</u>
H R Spencer	-	-
J B Bradley	1	1
Mrs R R Spencer	-	-

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.

By Order of the Board


J B BRADLEY
Secretary

15th April 2000

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.

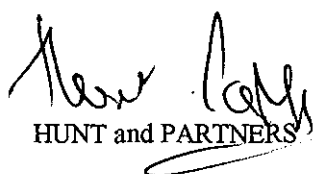
Basis of Opinion

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 2000 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 Auditors

RYDE

Date: 28th February 2000

SPENCER RIGGING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JANUARY 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
Turnover	2	928,046	925,691
Cost of Sales		<u>650,783</u>	<u>650,272</u>
Gross Profit		<u>277,263</u>	<u>275,419</u>
Distribution Costs		9,412	18,281
Administrative Expenses		201,537	195,345
Interest Payable	4	<u>-</u>	<u>4,033</u>
		<u>210,949</u>	<u>217,659</u>
OPERATING PROFIT	5	66,314	57,760
Other Operating Income	6	<u>26,751</u>	<u>31,319</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		93,065	89,079
Dividend	7	569	542
Tax on Profit on Ordinary Activities	8	<u>19,857</u>	<u>18,847</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		72,639	69,690
Retained Profit Brought Forward		<u>1,002,830</u>	<u>933,140</u>
RETAINED PROFIT CARRIED FORWARD		<u>£1,075,469</u>	<u>£1,002,830</u>

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

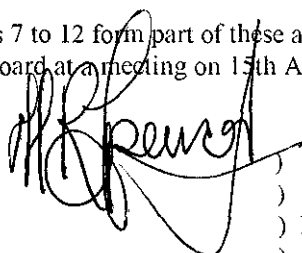
SPENCER RIGGING LIMITED

BALANCE SHEET AT 31ST JANUARY 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
FIXED ASSETS			
Tangible Assets	9	316,826	320,004
Goodwill		354,002	354,002
		<u>670,828</u>	<u>674,006</u>
CURRENT ASSETS			
Stocks	10	416,035	353,674
Debtors	11	159,478	167,158
Cash at Bank and in Hand		682,186	617,455
		<u>1,257,699</u>	<u>1,138,287</u>
CREDITORS: amounts falling due within one year	13	<u>174,124</u>	<u>130,529</u>
NET CURRENT ASSETS		<u>1,083,575</u>	<u>1,007,758</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,754,403</u>	<u>1,681,764</u>
CAPITAL AND RESERVES			
Called Up Share Capital	12	109,534	109,534
Share Premium Account		394,400	394,400
Capital Reserve		175,000	175,000
Profit and Loss Account		1,075,469	1,002,830
		<u>£1,754,403</u>	<u>£1,681,764</u>

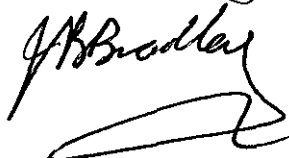
The notes on pages 7 to 12 form part of these accounts.
Approved by the Board at a meeting on 15th April 2000.

H R SPENCER



) DIRECTORS

J B BRADLEY



)

SPENCER RIGGING LIMITED

SOURCE AND APPLICATION OF FUNDS STATEMENT

YEAR ENDED 31ST JANUARY 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
SOURCE OF FUNDS			
<u>Generated from Trading Operations</u>			
Profit on Ordinary Activities Before Taxation		93,065	89,079
Adjustment for items not involving the movement of funds:			
Depreciation		16,203	16,037
		<u>109,268</u>	<u>105,116</u>
<u>Other Sources</u>			
TOTAL FUNDS		<u>£109,268</u>	<u>£105,116</u>
APPLICATION OF FUNDS			
Redemption of Shares		-	1,666
Tangible Fixed Asset Acquisitions		13,025	7,942
Bank Loan Repayments		-	3,240
Corporation Tax Paid		20,173	31,913
Dividend Paid		569	542
Net Increase in Working Capital	14	75,501	59,813
		<u>£109,268</u>	<u>£105,116</u>

NOTES FORMING PART OF THE 2000 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 2000 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>2000</u>	<u>1999</u>
UK	815,656	803,359
Foreign	112,390	122,332
	<u>£928,046</u>	<u>£925,691</u>

3. Directors and Employees Staff costs comprise the following:

	<u>2000</u>	<u>1999</u>
Wages and Salaries	287,286	257,131
Social Security Costs	25,404	23,678
Other Pension Costs	12,145	10,763
	<u>£324,835</u>	<u>£291,572</u>

Staff costs include the following remuneration in respect of Directors:

	<u>2000</u>	<u>1999</u>
Emoluments of Services as Director	<u>£60,586</u>	<u>£59,278</u>

NOTES FORMING PART OF THE 1997 ACCOUNTS

3. Directors and Employees (Cont)

The Directors' emoluments disclosed above include emoluments of the Chairman, the higher paid director, amounting to £30,400 (1999: £29,900). The emoluments of the Directors fell within the following scales:

	<u>2000</u>	<u>1999</u>
£20,000 - £35,000	2	2

4. Interest Payable This represents the interest payable on the loan from National Westminster Bank Plc.5. Operating Profit This is stated after charging:

	<u>2000</u>	<u>1999</u>
Directors' Emoluments	60,586	59,278
Auditors Remuneration	5,200	5,100
Depreciation	16,203	16,037
Interest Payable	-	4,033
	<u> </u>	<u> </u>

6. Other Operating Income

	<u>2000</u>	<u>1999</u>
Deposit Interest	19,751	24,319
Rent Received	7,000	7,000
	<u> </u>	<u> </u>
	£26,751	£31,319
	<u> </u>	<u> </u>

7. Dividend This represents the 5% dividend on the £11,380 (1999: £10,834 Redeemable Preference Shares).8. Tax on Profit on Ordinary Activities

	<u>2000</u>	<u>1999</u>
Based on profit for the year:		
Corporation tax at 20% (1999: 21%)	£19,857	£18,847
	<u> </u>	<u> </u>

NOTES FORMING PART OF THE 2000 ACCOUNTS

9. 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 1999	484,481	367,214	86,435	30,832
Additions	13,025	-	13,025	-
At 31st January 2000	<u>497,506</u>	<u>367,214</u>	<u>99,460</u>	<u>30,832</u>

Depreciation

At 1st February 1999	164,477	83,531	64,670	16,276
Charge for Year	16,203	7,344	5,220	3,639
At 31st January 2000	<u>180,680</u>	<u>90,875</u>	<u>69,890</u>	<u>19,915</u>

Net Book Value

At 31st January 2000	<u>£316,826</u>	<u>£276,339</u>	<u>£29,570</u>	<u>£10,917</u>
At 31st January 1999	<u>£320,004</u>	<u>£283,683</u>	<u>£21,765</u>	<u>£14,556</u>

Freehold and leasehold land is included at valuation.

The historical cost is £192,214.

NOTES FORMING PART OF THE 2000 ACCOUNTS

10. Stocks

The main categories of stock are:

	<u>2000</u>	<u>1999</u>
Raw Materials	316,524	327,203
Work in Progress	98,295	18,704
Finished Goods	1,216	7,767
	<u>£416,035</u>	<u>£353,674</u>

11. Debtors

	<u>2000</u>	<u>1999</u>
Trade Debtors	115,323	126,890
Prepayments and Accrued Income	12,065	2,869
Fellow Subsidiary	32,090	37,399
	<u>£159,478</u>	<u>£167,158</u>

12. Share Capital This comprises the following

	<u>2000</u>	<u>1999</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	10,834	10,834
	<u>£109,534</u>	<u>£109,534</u>

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

	<u>2000</u>	<u>1999</u>
Trade Creditors	103,439	39,872
Corporation Tax	19,992	20,308
Other Taxes and Social Security Costs	4,654	15,794
Accruals and Deferred Income	33,430	35,753
Directors' Loan Accounts	10,431	9,931
Fellow Subsidiary	2,178	8,871
	<u>£174,124</u>	<u>£130,529</u>

NOTES FORMING PART OF THE 2000 ACCOUNTS

14. Increases/(Decreases) in Working Capital

	<u>2000</u>	<u>1999</u>
Stock	62,361	(39,653)
Debtors	(7,680)	(17,593)
Creditors	(43,411)	37,171
Directors' Loan Accounts	(500)	4,876
	<u>10,770</u>	<u>(15,199)</u>
Movement in net liquid funds: Cash and Bank Balances	<u>64,731</u>	<u>75,012</u>
	<u>£75,501</u>	<u>£59,813</u>

15. Contingent Liability If the freehold property were sold at the value in the Balance sheet then a taxation charge of £19,208 would arise. Provision has not been made for this deferred taxation as it is not likely to arise in the foreseeable future.

16. Holding Company At 31st January 2000 the Company was a wholly owned subsidiary of Spencer (Isle of Wight) Limited.