MITCHELL OUTBOARD SERVICES LIMITED

ANNUAL REPORT AND ACCOUNTS

1ST MARCH 1999 TO 29TH FEBRUARY 2000

Company Registered Number SCO 44174

SCT S622EQCI 0179
COMPANIES HOUSE 09/05/00

W STEWART FERGUSON & CO
CHARTERED ACCOUNTANTS

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BEARSDEN
GLASGOW G61 3LQ
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DIRECTORS' REPORT

The directors present their report to the members, together with the annual accounts for the year ended 29th February 2000.

PRINCIPAL ACTIVITY

The principal activity of the company, which is unchanged since last year is the sale and servicing of outboard engines and marine equipment.

DIRECTORS

The directors of the company and their interests in the shares of the company are set out below. There were no changes in the composition of the board of directors during the year.

	1/3/1999	29/2/2000
	Ordinary shares of £1 each	
J D LESLIE	1899	1899
A MALTMAN	101	101

DIRECTORS RESPONSIBILITY FOR THE 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:

Select suitable accounting policies and apply them consistently;
Make judgements and estimates that are reasonable and prudent;
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

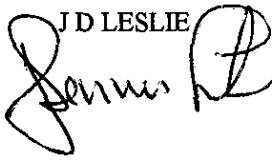
AUDITORS

A resolution to re-appoint the auditors, W Stewart Ferguson & Co. C.A. will be proposed at the annual general meeting.

The report has been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small companies.

Approved by the board of directors on 29th April 2000 and signed on their behalf by:

J D LESLIE Director



PROFIT AND LOSS ACCOUNT

for the year ended 29th February 2000

	Notes	£	2000 £	£	1999 £
TURNOVER	1		**209074**		221760
Cost of Sales			**147207**		144874
GROSS PROFIT			**61867**		76886
Distribution costs		**19883**		20654	
Administrative expenses		**55318**		55204	
			75201		75858
OPERATING PROFIT/-LOSS	2		**-13334**		1028
Interest receivable		**638**		106	
Interest payable and similar charges		**0**		0	
			638		106
PROFIT/-LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			**-12696**		1134
Tax on profit/-loss on ordinary activities	3		**16**		-54
PROFIT/-LOSS FOR THE FINANCIAL YEAR on ordinary activities after taxation			**-12712**		1188
DIVIDEND			**0**		0
RETAINED PROFIT/-LOSS transferred to reserves	10		**-12712**		1188

In each of the years ended 28th February 1999 and 29th February 2000 the gain/-loss recognised by the company was the profit/-loss for the year, all of the activities undertaken by the company were continuing activities, and the reported profit/-loss was found under the historical cost convention.

BALANCE SHEET AS AT 29TH FEBRUARY 2000

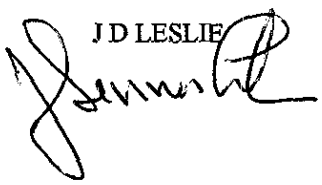
	Notes	2000		1999	
					£
FIXED ASSETS					
Tangible assets	4		**634**		0
Investments	5		**2400**		2400
			3034		2400
CURRENT ASSETS					
Stocks	6	**47712**		47366	
Debtors	7	**12177**		16174	
Cash at bank		**13824**		18707	
		73713		82247	
CREDITORS: Amounts falling due within one year	8	**45709**		40897	
NET CURRENT ASSETS			**28004**		41350
TOTAL ASSETS LESS CURRENT LIABILITIES			**31038**		43750
CAPITAL AND RESERVES					
Called up share capital	9		**2000**		2000
Profit and loss a/c	10		**29038**		41750
SHAREHOLDERS FUNDS	11		**31038**		43750

For the year ended 29th February 2000 the company was entitled to exemption under subsection 1 of section 249A of the Companies Act 1985. No notice has been deposited under s249B.2 in relation to the accounts for the financial year. The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its loss for the financial year in accordance with the requirements of section 226 of the Act, and which otherwise comply with the requirements of this Act relating to accounts as far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small companies.

APPROVED BY THE BOARD OF DIRECTORS ON 29th APRIL 2000 AND SIGNED ON THEIR BEHALF BY

J D LESLIE Director



The notes on pages 4 to 6 form an integral part of these accounts

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 2000

1. ACCOUNTING POLICIES

CASH FLOW STATEMENT. The company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

TURNOVER. Represents net invoiced sales of goods and services, excluding VAT

DEPRECIATION of tangible fixed assets is provided at the following annual rates in order to write off each each asset over its estimated useful life:

Plant and machinery	25% of cost
Motor vehicles	25% of cost

STOCKS are valued at the lower of cost and net realisable valuable. Cost consists of purchase invoice costs and, where appropriate, attributable overheads.

DEFERRED TAXATION. Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

PENSIONS. The company has a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. The cost of the contributions made by the company to the scheme are charged to profit and loss account as incurred. This amounted to £5962 (1999 £5304) in the year.

2. OPERATING PROFIT/-LOSS

	2000	1999
The operating profit/-loss is stated after charging:	**£**	£
Depreciation on tangible fixed assets	**0**	0
Directors' emoluments	**42050**	42450
Auditors remuneration	**0**	0
Operating lease rentals:		
land and buildings	**9806**	9000

Number of directors for whom benefits are accruing under a money purchase scheme were 2 (1999 2).

3. TAX ON PROFIT/-LOSS ON ORDINARY ACTIVITIES

Corporation tax on current years results	**0**	0
Adjustment in repect of prior years	**16**	-54
	16	-54

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 2000

4. TANGIBLE FIXED ASSETS

	Fittings	Plant & machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1st March 1999	8951	635	7995	17581
Additions	0	846	0	846
Disposals	0	0	0	0
				0
At 29th February 2000	8951	1481	7995	18427
Depreciation				
At 1st March 1999	8951	635	7995	17581
On disposals	0	0	0	0
Charge for year	0	212	0	212
At 29th February 2000	8951	847	7995	17793
Written down amount as at 29/2/2000	**0**	**634**	**0**	**634**
Written down amount as at 28/2/99	0	0	0	0

5. FIXED ASSET INVESTMENT

	2000	1999
Other investments:	£	£
At cost	2400	2400

6. STOCKS

Work in progress	4488	4133
Finished goods and goods for resale	37824	43233
	42312	47366

7. DEBTORS

Trade Debtors	12177	16174
Corporation tax recoverable	0	0
Others	0	0
	12177	16174

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 29TH FEBRUARY 2000

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000	1999
	£	£
Loans from directors	4	704
Trade Creditors	38920	32295
Other creditors (including tax & social security of £3246 (1999 £1725)	6785	7898
Corporation tax for year	0	0
	45709	40897

FINANCIAL COMMITMENTS

Operating lease commitments Land and buildings		
Annual commitments which expire:		
Between two and five years	9000	9000

9. CALLED UP SHARE CAPITAL

Authorised		
6000 Ordinary shares of £1 each	6000	6000
Allotted, called up and fully paid		
2000 Ordinary shares of £1 each	2000	2000

10. RESERVES - PROFIT AND LOSS ACCOUNT

At 1st March 1999	41750	40562
Retained profit/-loss for the year	-12712	1188
At 29th February 2000	29038	41750

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

Profit/-loss for the financial year	-12712	1188
Dividend	0	0
Net addition to shareholders funds	-12712	1188
Opening shareholders funds	43750	42562
Closing Shareholders funds	31038	43750

TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 28th February 2000

				2000		1999
	%	%	£	£	£	£
SALES				209074		221760
COST OF SALES						
Purchases			119093		124667	
Wages and NIC			27593		19638	
Loose tools and maintenance			521		569	
				147207		144874
GROSS PROFIT	29.59	34.67		61867		76886
DISTRIBUTION COSTS						
Rent			9787		9000	
Rates			4781		4539	
Insurance			1903		2423	
Heat and light			1742		1615	
Repairs & renewals			34		840	
Telephone			635		565	
Advertising and selling expenses			524		1379	
Carriage and packing			477		293	
	9.51%	9.31%	19883		20654	
ADMINISTRATIVE EXPENSES						
Directors' salaries and NIC			40967		40831	
Directors' pension contributions			4661		5304	
Motor expenses			3772		3002	
Stationery			277		344	
Travel					255	
Accountancy fees			3300		3000	
Bank charges			1256		1423	
Bad debts written off			0		0	
Miscellaneous expenses			873		1045	
Depreciation			212		0	
	26.46%	24.89%	55318		55204	
				75201		75858
TRADING PROFIT/-LOSS				-13334		1028
INTEREST RECEIVED				638		106
TOTAL PROFIT/LOSS				-12696		1134