

The Renwick Group plc
Annual report
for the year ended 31 December 2003

Registered Number 247231



The Renwick Group plc
Annual Report
for the year ended 31 December 2003
Contents

Directors and advisors	1
Directors' report for the year ended 31 December 2003	2
Independent auditors' report to the members of The Renwick Group plc.	3
Consolidated profit and loss account for the year ended 31 December 2003	4
Balance sheets at 31 December 2003	5
Consolidated cash flow statement for the year ended 31 December 2003	6
Notes to the financial statements for the year ended 31 December 2003	7

The Renwick Group plc

Directors and advisors

Directors

A R Beck

G J Beck

D G Burnham

D S King

Secretary and registered office

D G Burnham

Renwick House

Brixham Road

Paignton

Devon

TQ4 7BN

Registered auditors

PricewaterhouseCoopers LLP

Princess Court

23 Princess Street

Plymouth

PL1 2EX

Registered number

247231

The Renwick Group plc

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activities of the group are provided within note 11.

Business review

At the end of the year, Renwick Holdings Ltd was transferred to the immediate parent undertaking as a dividend in specie; details of this transaction are given in note 9 and the results for the year are shown as a discontinued activity.

Turnover and profitability of the continuing businesses improved over the previous year and further progress is expected in 2004. Order books have strengthened considerably over the last year with most markets performing strongly.

Results and dividends

The results for the year are given on page 4. A dividend in specie of £21,235,000 has been made (2002: £nil).

Supplier policy

The group pays its suppliers in accordance with the agreed terms of each transaction and suppliers are made aware of the terms. Trade creditors at the year end represented some 38 days purchases (2002: 38 days).

Directors and their interests

The directors of the company throughout the year ended 31 December 2003 are stated on page 1. No director had any beneficial interest in the shares of the company at 31 December 2003 or at any time during the year.

Employees

Employees are informed as appropriate about the development of their companies through regular meetings and newsletters.

The group pursues a policy of providing, whenever possible, the same employment opportunities to disabled persons as to others.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

D G Burnham
Secretary
24 June 2004



The Renwick Group plc

Independent auditors' report to the members of The Renwick Group plc.

We have audited the financial statements which comprise the profit and loss account, balance sheet, cash flow statement and related notes which have been prepared under the historical cost convention, modified to include the revaluation of investments and certain fixed assets, and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities within the directors' report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

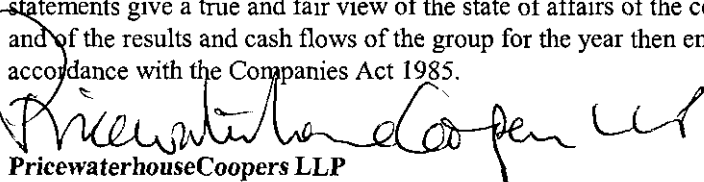
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group'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

As explained in note 7, the financial statements do not contain the full transitional disclosure requirements as required by FRS 17. In the absence of the relevant actuarial information, it is not practicable for us to provide the missing disclosure.

Except for the failure to fully disclose this required transitional information, in our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2003 and of the results and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Plymouth

28 June 2004

The Renwick Group plc

Consolidated profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover			
Continuing operations		190,302	171,636
Discontinued operations		5,436	5,060
	2	195,738	176,696
Cost of sales			
Continuing operations		(174,121)	(163,721)
Discontinued operations		(5,082)	(5,470)
		(179,203)	(169,191)
Gross profit/(loss)			
Continuing operations		16,181	7,915
Discontinued operations		354	(410)
		16,535	7,505
Net operating expenses			
Continuing operations		(9,405)	(9,009)
Discontinued operations		(908)	(945)
	3	(10,313)	(9,954)
Operating profit/(loss)			
Continuing operations		6,776	(1,094)
Discontinued operations		(554)	(1,355)
	4	6,222	(2,449)
Interest receivable and similar income	5	827	933
Interest payable on bank loans and overdrafts		(1,436)	(1,522)
Profit/(loss) on ordinary activities before taxation		5,613	(3,038)
Taxation on profit/(loss) on ordinary activities	8	(1,895)	50
Profit/(loss) for the year		3,718	(2,988)
Surplus on valuation of subsidiary undertaking	9	9,546	-
Dividend in specie	9	(21,235)	-
Retained loss for the financial year	19	(7,971)	(2,988)

For the year ended 31 December 2003, the group had no recognised gains or losses other than those included in the profits above and therefore no separate statement of total recognised gains and losses has been presented (2002: exchange loss on retranslation of net assets of foreign subsidiary undertakings: £1,674,000).

There is no difference between either the profit on ordinary activities before taxation or the retained loss for the year as stated above and their historical cost equivalents.

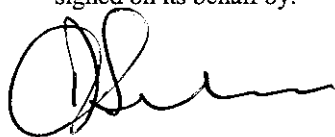
Discontinued operations are explained on page 2.

The Renwick Group plc

Balance sheets at 31 December 2003

		Group		Company	
		2003	2002	2003	2002
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	51,348	55,928	11,794	3,135
Investments	11	286	396	54,433	73,816
		51,634	56,324	66,227	76,951
Current assets					
Stocks	12	55,441	56,031	-	-
Debtors	13	8,838	10,959	4,993	9
Cash		15,255	9,200	845	393
		79,534	76,190	5,838	402
Creditors: amounts falling due within one year	14	(67,191)	(58,066)	(12,637)	(6,570)
Net current assets/(liabilities)		12,343	18,124	(6,799)	(6,168)
Total assets less current liabilities		63,977	74,448	59,428	70,783
Creditors: amounts falling due after more than one year	15	(17,916)	(21,363)	(17,916)	(21,363)
Accruals and deferred income	16	(2,614)	(2,170)	-	-
Provisions for liabilities and charges	17	(1,935)	(1,495)	-	-
Net assets		41,512	49,420	41,512	49,420
Capital and reserves					
Called up share capital	18	15,515	15,515	15,515	15,515
Share premium account	19	1,632	1,632	1,632	1,632
Revaluation reserve	19	231	905	11,706	17,367
Profit and loss account	19	24,134	31,368	12,659	14,906
Equity shareholders' funds	20	41,512	49,420	41,512	49,420

The financial statements on pages 4 to 21 were approved by the board of directors on 24 June 2004 and were signed on its behalf by:



D G Burnham
Director

The Renwick Group plc

Consolidated cash flow statement for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Net cash inflow from operating activities	22	13,346	5,646
Returns on investments and servicing of finance			
Interest received		827	933
Interest paid		(1,436)	(1,522)
Dividend in specie (note 9)		(160)	-
Net cash outflow from returns on investments and servicing of finance		(769)	(589)
Taxation			
United Kingdom corporation tax (paid)/recovered		(1,184)	482
Capital expenditure			
Purchase of tangible fixed assets		(16,003)	(11,061)
Sale of tangible fixed assets		1,113	421
Purchase of fixed asset investments		-	(107)
Disposal of fixed asset investments		-	32
Net cash outflow for capital expenditure		(14,890)	(10,715)
Cash outflow before financing		(3,497)	(5,176)
Financing			
Government grants received		475	1,096
Loan advances		12,353	-
Loan repayments		(3,276)	(1,326)
Increase/(decrease) in cash	23	6,055	(5,406)

The Renwick Group plc

Notes to the financial statements for the year ended 31 December 2003

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of investments and certain fixed assets. The directors have considered the accounting policies and estimation techniques detailed below and considered that, in accordance with FRS 18 'Accounting Policies', they are the most appropriate for the group.

Basis of consolidation

The financial statements include the company and all its subsidiary undertakings. Intra-group sales and profits are eliminated on consolidation. As permitted by section 230(3) of the Companies Act 1985, the company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £3,335,000 (2002: £2,287,000).

Turnover

Turnover, which excludes Value Added Tax, represents the invoiced value of goods and services supplied during the year.

Development costs

These costs are written off as incurred.

Grants

Government grants are treated as deferred income in the balance sheet and credited to trading results over the estimated useful economic lives of the assets to which they related. Amortisation of government grants commences once all conditions have been met and there is no longer a possibility of any grant repayments.

Fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal economic lives used for this purpose are:

Freehold land	Not depreciated
Freehold buildings	25 to 50 years
Cranes and hoists	7 to 20 years
Other plant and equipment	3 to 7 years
Motor vehicles	4 to 5 years
Bloodstock	3 to 7 years

The Renwick Group plc

Fixed assets and depreciation (continued)

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such deficit, is charged or credited to the profit and loss account.

Depreciation is not provided in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. This accounting policy, although a departure from the statutory requirement to show a true and fair view, complies with SSAP19 "Accounting for investment properties". If investment properties were depreciated over a period of 50 years, the annual depreciation charge would be £235,000.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. All exchange differences are included in the profit and loss account.

Stocks

Boatbuilding: Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost represents the accumulated cost of materials, labour and production overheads.

Thoroughbred farms: Bloodstock held as trading stock is valued at the lower of cost and net realisable value and comprises certain equine interests held for resale together with all in utero foals and weanlings. Cost includes, as individually applicable, purchase costs, service fees, depreciation on mares and stallion interests used for breeding, boarding and related charges and all attributable overheads.

Pensions

Certain companies within the group operate a pension scheme providing benefits based on final pensionable pay. During the year, these pension arrangements were changed (see note 7). The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme so as to spread the cost over the working lives of the scheme members.

The group also operates defined contribution schemes where contributions are charged against profit as incurred.

Investments

Investments are stated at market value.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is provided at the current rate in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in the payment of more or less tax in the future. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements. Deferred tax is calculated on a non-discounted basis.

The Renwick Group plc

2 Turnover

All turnover and trading results are derived from boat manufacturing and thoroughbred horse farming activities. The segmental and geographical analyses of turnover have not been disclosed as, in the opinion of the directors, it would be seriously prejudicial to the group's interests.

3 Net operating expenses

	2003 £'000	2002 £'000
Selling and distribution expenses	5,238	4,607
Administration expenses	5,075	5,347
	10,313	9,954

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):	2003 £'000	2002 £'000
Depreciation of tangible fixed assets	4,088	3,567
(Profit)/loss on disposal of tangible fixed assets	(8)	77
Amortisation of grants received	(31)	(30)
Auditors' remuneration:		
– audit (group)	90	83
– audit (company)	10	8
– other	82	54

5 Interest receivable and similar income

	2003 £'000	2002 £'000
Interest receivable	827	933

The Renwick Group plc

6 Directors' emoluments

Total emoluments	2003 £'000	2002 £'000
Salary and benefits in kind (including pension contributions)	448	606
Number of directors who have accrued benefits under defined benefit pension scheme	2	2

Highest paid director

Salary and benefits in kind (excluding pension contributions)	223	188
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His accrued pension entitlement at 31 December 2003 was £nil (2002: £127,000).

7 Employees

By activity	2003 Average number	2002 Average number
Boat building	2,280	2,280
Thoroughbred farms	80	80
	2,360	2,360

Employee costs relating to the above are as follows:	2003 £'000	2002 £'000
Wages and salaries	56,350	53,522
Social security costs	5,430	4,501
Pensions costs	1,703	1,786
	63,483	59,809

The accounting policy on pension costs is set out in note 1.

Pension contributions for the defined benefit scheme are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The funding position of the scheme was reassessed as at 31 August 2002 when the value of the scheme's fund was £18.3 million (£22.0 million at 5 April 2001) which represented 61 per cent of the benefits that had accrued to members at that date. On 31 May 2003, the scheme was closed to new entrants and accrual of future benefits for all existing members ceased. From 1 June 2003, contributions, currently at the rate of 7.2% of pensionable pay, have been made to meet the funding requirement. The disclosures required under the Accounting Standard FRS 17 have not been provided as the directors consider that any possible value to be gained does not justify obtaining the required information.

Defined contribution arrangements are also operated within the group.

The total pension costs for the year are set out above.

The Renwick Group plc

8 Tax on profit/(loss) on ordinary activities

(a) Analysis of charge/(credit) for the year

	2003 £'000	2002 £'000
Current tax:		
Corporation tax	1,555	(471)
Deferred tax	440	201
Total current tax	1,995	(270)
Adjustments relating to prior year:		
Corporation tax	(100)	(38)
Deferred tax	-	258
Tax on profit/(loss) on ordinary activities	1,895	(50)

(b) Factors affecting charge/(credit) for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities before tax	5,613	(3,038)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	1,684	(911)
Effects of:		
- expenses/income not deductible/taxable	51	214
- write off/(utilisation) of US losses	265	413
- accelerated capital allowances	(373)	(182)
- other	(72)	(5)
Current corporation tax charge for the year (note 8a)	1,555	(471)

c) Factors that may affect future tax charges

The directors consider that there are no significant factors which may materially affect future tax charges.

The Renwick Group plc

9 Dividend in specie

On 31 December 2003, Renwick Holdings Ltd was transferred to the immediate parent undertaking as a dividend in specie.

Prior to the dividend in specie, the assets and liabilities of Renwick Holdings Ltd were valued at their fair market values resulting in a surplus over net book amounts of £9,546,000. An analysis of the assets and liabilities transferred is shown below:

	£'000
Fixed assets	24,936
Investments	173
Stocks	2,154
Debtors	2,537
Cash	160
Creditors	(978)
Bank loans	(7,747)
Fair market value representing dividend in specie	21,235
Net book amount prior to valuation	(11,689)
Surplus on valuation	9,546

The Renwick Group plc

10 Tangible fixed assets

(a) Group	Investment leasehold properties £'000	Freehold properties £'000	Plant and equipment £'000	Bloodstock £'000	Total £'000
Cost or valuation					
At 1 January 2003	2,288	50,508	20,888	10,779	84,463
Additions	9,497	273	1,863	4,370	16,003
Disposals and retirements	-	(1,227)	(3,665)	-	(4,892)
Dividend in specie (note 9)	-	(13,350)	(1,213)	(15,149)	(29,712)
At 31 December 2003	11,785	36,204	17,873	-	65,862
Depreciation					
At 1 January 2003	-	9,405	11,924	7,206	28,535
Charge to profit and loss account	-	1,146	2,196	746	4,088
Disposals and retirements	-	(147)	(3,640)	-	(3,787)
Dividend in specie (note 9)	-	(5,409)	(961)	(7,952)	(14,322)
At 31 December 2003	-	4,995	9,519	-	14,514
Net book amount					
At 31 December 2003	11,785	31,209	8,354	-	51,348
At 31 December 2002	2,288	41,103	8,964	3,573	55,928

In the opinion of the directors there is no significant difference between the cost of the investment leasehold properties and their open market value.

The Renwick Group plc

10 Tangible fixed assets (continued)

(b) Company	Investment leasehold properties £'000	Freehold properties £'000	Plant and equipment £'000	Total £'000
At 1 January 2003	2,288	977	40	3,305
Additions	9,497	-	-	9,497
Disposals	-	(977)	-	(977)
At 31 December 2003	11,785	-	40	11,825
Depreciation				
At 1 January 2003	-	146	24	170
Charge for the year	-	-	7	7
Disposals	-	(146)	-	(146)
At 31 December 2003	-	-	31	31
Net book amount				
At 31 December 2003	11,785	-	9	11,794
At 31 December 2002	2,288	831	16	3,135

11 Investments

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Listed investments (see (a) below)	286	396	-	-
Unlisted investments (see (b) below)	-	-	54,433	73,816
	286	396	54,433	73,816

The Renwick Group plc

11 Investments (continued)

(a) Listed investments

	Group	
	2003 £'000	2002 £'000
Opening market value	396	397
Currency retranslation	-	(20)
Additions	-	62
Revaluation	63	42
Dividend in specie (note 9)	(173)	-
Share of net losses for year	-	(85)
Closing market value	286	396

The original cost of the listed investments was £55,000 (2002: £314,000).

(b) Unlisted investments

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Opening valuation	-	254	73,816	78,813
Currency retranslation	-	(24)	-	(2,664)
Additions	-	45	-	-
Disposals	-	(17)	(14,810)	-
Share of net losses for year	-	(258)	-	-
Deficit on revaluation	-	-	(4,573)	(2,333)
Closing valuation	-	-	54,433	73,816

The cost of the unlisted investments of the group was £nil (2002: £1,677,000) and of the company was £42,726,000 (2002: £68,476,000).

The investments in subsidiary undertakings are revalued so that they are equivalent to the underlying net assets.

The Renwick Group plc

11 Investments (continued)

The principal subsidiary undertakings:

Subsidiary	Holding	Nature of Business	Country of Incorporation
Fairline Boats plc	100%	Manufacture of motor yachts	England
Felix Engineering Limited*	100%	Manufacture of motor yachts	England
Oundle Marina Limited*	100%	Brokerage of boats and chandlery	England
Princess Yachts International plc	100%	Manufacture of motor and sailing yachts	England
*Held indirectly			

On 31 December 2003, Renwick Holdings Ltd was transferred to the immediate parent undertaking as a dividend in specie (note 9).

12 Stocks

Group	2003 £'000	2002 £'000
Boatbuilding		
Work in progress	31,876	28,512
Finished goods	12,952	14,983
Raw materials	10,613	9,990
	55,441	53,485
Thoroughbred farms		
Bloodstock	-	2,546
	55,441	56,031

The Renwick Group plc

13 Debtors

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts due in less than one year				
Trade debtors	5,817	6,143	-	-
Amounts owed by subsidiary undertakings	-	-	4,986	-
Other debtors	600	3,055	7	9
Prepayments	2,421	1,761	-	-
	8,838	10,959	4,993	9

14 Creditors: amounts falling due within one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Secured loans (on property)	12,427	7,650	12,427	3,200
Order deposits	29,710	25,796	-	-
Trade creditors	14,048	13,829	-	-
Corporation tax	294	23	-	-
Other taxation and social security	2,429	1,647	35	21
Other creditors	866	1,654	-	8
Accruals	7,417	7,467	145	114
Amounts owed to subsidiary undertakings (no fixed repayment dates)	-	-	30	3,227
	67,191	58,066	12,637	6,570

The Renwick Group plc

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank loans repayable in under 5 years	16,513	14,761	16,513	14,761
Bank loans repayable in over 5 years	1,403	6,602	1,403	6,602
	17,916	21,363	17,916	21,363

Bank loans are repayable over 10 years from May 2000 and are secured by equitable charges over certain of the group's assets and subject to interest at bank base rate plus one per cent.

16 Accruals and deferred income

Group	£'000
Deferred government grants	
At 1 January 2003	2,170
Government grants received in the year	475
Amortisation in the year	(31)
At 31 December 2003	2,614

17 Provisions for liabilities and charges

Group	£'000
Deferred tax	
At 1 January 2003	1,495
Charge for the year (note 8)	440
At 31 December 2003	1,935

Deferred taxation is made up as follows:

	2003 £'000	2001 £'000
Accelerated capital allowances	2,204	1,852
Short term timing differences	(251)	(346)
Other	(18)	(11)
	1,935	1,495

The Renwick Group plc

18 Called up share capital

	2003 £'000	2002 £'000
Authorised		
80,000,000 ordinary shares of £0.25 each	20,000	20,000
Allotted and fully paid		
62,059,636 ordinary shares of £0.25 each	15,515	15,515

19 Reserves

(a) Group

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2003	1,632	905	31,368
Retained loss for the year	-	-	(7,971)
Transfer	-	(737)	737
Surplus on revaluation of investments	-	63	-
At 31 December 2003	1,632	231	24,134

(b) Company

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2003	1,632	17,367	14,906
Retained loss for the year	-	-	(3,335)
Transfer	-	(1,088)	1,088
Deficit on revaluation of investments	-	(4,573)	-
At 31 December 2003	1,632	11,706	12,659

The Renwick Group plc

20 Equity shareholders' funds

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
At 1 January 2003	49,420	53,421	49,420	53,421
Retained loss for the year	(7,971)	(2,988)	(3,335)	(2,287)
Exchange difference on foreign subsidiary undertakings	-	(1,674)	-	-
Surplus on revaluation of tangible fixed assets	-	619	-	619
Surplus/(deficit) on revaluation of investments	63	42	(4,573)	(2,333)
At 31 December 2003	41,512	49,420	41,512	49,420

21 Capital Commitments

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Contracted	418	9,697	-	9,056

22 Reconciliation of operating profit/(loss) to net cash flow from operating activities

	2003 £'000	2002 £'000
Operating profit/(loss)	6,222	(2,449)
Depreciation charged to profit and loss account	4,088	3,567
Depreciation charged to stock	-	318
Profit on sale of fixed assets and investments	(8)	(3)
Share of net losses on investments	-	343
Increase in stocks	(1,564)	(1,628)
(Increase)/decrease in debtors	(416)	2,121
Increase in creditors	5,055	3,407
Amortisation of government grants	(31)	(30)
Net cash inflow from operating activities	13,346	5,646

The Renwick Group plc

23 Reconciliation of net cash flow to movement in net debt

	2003 £'000	2002 £'000
Increase/(decrease) in cash in the year	6,055	(5,406)
Loan advances	(12,353)	-
Loan repayments	3,276	1,326
Dividend in specie (note 9)	7,747	-
Currency retranslations	-	187
Change in net debt in the year	4,725	(3,893)
Net debt at 1 January 2003	(19,813)	(15,920)
Net debt at 31 December 2003	(15,088)	(19,813)

24 Analysis of changes in net debt

	At 1 January 2003 £'000	Cash flows £'000	At 31 December 2003 £'000
Cash	9,200	6,055	15,255
Debt due within one year	(7,650)	(4,777)	(12,427)
Debt due after one year	(21,363)	3,447	(17,916)
Net debt	(19,813)	4,725	(15,088)

25 Related parties

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures".

During the year, Princess Yachts International plc sold a boat for an arms length consideration of £1,914,771 to a company indirectly related to Mr G Beck, a director.

26 Ultimate parent undertaking

The ultimate parent undertaking is Plymouth International Investments (Cayman) Limited, registered in Cayman and the ultimate controlling party is The Lysander Trust.