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MARLIN LEISURE LIMITED

FINANCIAL STATEMENTS

**for the fifty-two weeks ended
29th August 1999**



MARLIN LEISURE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH AUGUST 1999

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MARLIN LEISURE LIMITED

Directors

F.W. Wood (Chairman)
 A.J. Richards (Managing)
 P.A. Bradbury
 C.J. Hedger
 M.J. Whitcombe

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 29th August 1999 ("the year").

Business Review

As part of a Group re-structuring, the trading operations of the company were transferred to Cosalt International Limited, a fellow subsidiary undertaking, with effect from the start of business on the 31st August 1998.

Directors

The membership of the Board is shown above. All served on the Board for the whole of the financial year.

Messrs F.W. Wood and P.A. Bradbury retire by rotation and, being eligible, offer themselves for re-election.

Directors' Shareholdings

None of the directors has any beneficial interest in the share capital of the company.

The interest of Mr. F.W. Wood in the share capital of Cosalt plc, the ultimate parent company, is disclosed by that company. The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 29th August 1999	At 30th August 1998
A.J. Richards	107	-
P.A. Bradbury	2,170	1,724
C.J. Hedger	446	-
M.J. Whitcombe	446	-

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

MARLIN LEISURE LIMITED

DIRECTORS' REPORT

(continued)

Directors' Shareholdings (continued)

Mr. P.A. Bradbury also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:

At 31st August 1998	Granted during year	At 29th August 1999	Exercise price	Dates from which exercisable	Expiry date
8,000	-	8,000	164p	17.12.95	16.12.02
8,000	-	8,000	111.70p	22.12.96	21.12.03
10,000	-	10,000	140p	15.12.97	14.12.04
10,000	-	10,000	219.50p	17.02.00*	16.02.04
10,000	-	10,000	232.50p	23.12.00*	22.12.04
-	<u>15,000</u>	<u>15,000</u>	204.50p	22.12.01*	22.12.05
<u>46,000</u>	<u>15,000</u>	<u>61,000</u>			

* Performance criteria must be met before exercise permitted.

No options lapsed during the year. No options were exercised during the year.

The market price of Cosalt plc ordinary shares at 29th August 1999 was 210.00p and the range during the year was 174.50p to 224.50p.

Fixed Assets

The movements in tangible fixed assets are set out in note 7 to the financial statements. In note 14 to the financial statements, additional information is provided on assets used by the company which are subject to lease agreements.

Auditors

The auditors, KPMG Audit plc, have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution for their appointment will be proposed at the Annual General Meeting.

By order of the Board


A.B. Clark
Secretary

Fish Dock Road
Grimsby

28th March 2000

MARLIN LEISURE LIMITED**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 at the end of the year, 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF
MARLIN LEISURE LIMITED**

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3, 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 financial 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 29th August 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Sheffield

28 March 2000

MARLIN LEISURE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIFTY-TWO WEEKS ENDED 29TH AUGUST 1999

		52 weeks ended 29th August 1999	52 weeks ended 30th August 1998
	Note	£	£
Turnover	2	<u>-</u>	<u>1,549,283</u>
Operating profit	3	-	285,552
Utilisation of provision		-	44,216
Interest payable and similar charges	4	<u>-</u>	<u>(353)</u>
Profit on ordinary activities before taxation		-	329,415
Taxation	6	<u>-</u>	<u>(99,938)</u>
Profit for the financial year retained	13	<u>-</u>	<u>229,477</u>

All operations are classed as discontinued.

The company has no recognised gains or losses other than the profits for the years disclosed above; accordingly, a statement of recognised gains and losses has not been included in these financial statements.

The notes on pages 7 to 13 form part of these financial statements.

MARLIN LEISURE LIMITED
BALANCE SHEET - 29TH AUGUST 1999

	Note	29th August 1999		30th August 1998	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		-		11,871
Current assets					
Stocks	8		-		413,046
Debtors	9		171,379		36,626
Bank and cash balances			<u>-</u>		<u>134</u>
			171,379		449,806
Creditors					
Amounts falling due within one year	10		<u>-</u>		<u>274,514</u>
Net current assets			<u>171,379</u>		<u>175,292</u>
Total assets less current liabilities			171,379		187,163
Provisions for liabilities and charges			<u>-</u>		<u>15,784</u>
Net assets			<u>171,379</u>		<u>171,379</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		<u>170,379</u>		<u>170,379</u>
Equity shareholders' funds	13		<u>171,379</u>		<u>171,379</u>

Approved by the Board on 28th March 2000

F.W. Wood - Director



The notes on pages 7 to 13 form part of these financial statements.

MARLIN LEISURE LIMITED**NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999****1 Accounting policies****Basis of accounting**

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly owned subsidiary of a parent undertaking which publishes a consolidated cash flow statement.

Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Plant and machinery

5-20%

Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at approximate rates of exchange ruling at the balance sheet date except where the transaction is to be settled at a contracted rate. Transactions in foreign currencies are translated into sterling at the rate of exchange rules at the date of the transaction. All exchange differences arising are included in the profit and loss account for the year.

MARLIN LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

2 Turnover

Turnover represents the goods and services, excluding value added tax, invoiced to customers arising from the principal activity of the manufacture and sale of wetsuits and marine clothing products.

The geographical analysis of turnover for 1998 was:

	£
United Kingdom	1,144,503
Overseas	<u>404,780</u>
	<u>1,549,283</u>

All turnover originated in the United Kingdom.

3 Operating profit

Operating profit for 1998 was arrived at after charging:

	£
Movement in stocks of finished goods and work in progress	99,412
Raw materials and consumables	810,623
Auditors' remuneration	3,000
Other external charges	119,455
Staff costs (note 5)	227,516
Depreciation on owned assets	2,269
Depreciation on assets held under finance leases	<u>1,456</u>
	<u>1,263,731</u>

4 Interest payable and similar charges

Interest payable and similar charges for 1998 were:

	£
Interest on finance leases	<u>353</u>

MARLIN LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

5 Directors and employees

Staff costs for 1998 were	£
Wages and salaries	213,927
Social security costs	<u>13,589</u>
	<u>227,516</u>

None of the directors received any remuneration from the company during the year.

The average number of employees of the company during 1998 was:

Management and administration	2
Sales and production	<u>12</u>
	<u>14</u>

6 Taxation

The taxation charge based on the profit on ordinary activities in 1998 was:

	£
U.K. corporation tax payable at 31%	83,500
Deferred taxation	<u>19,744</u>
	103,244
Prior year adjustments:	
Deferred taxation	<u>(3,306)</u>
	<u>99,938</u>

MARLIN LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 31st August 1998	84,634
Intra group transfers	(84,634)
At 29th August 1999	<u>-</u>
Depreciation	
At 31st August 1998	72,763
Intra group transfers	(72,763)
At 29th August 1999	<u>-</u>
Net book values	
At 29th August 1999	<u>-</u>
At 30th August 1998	<u>11,871</u>

The following tangible fixed assets held under finance lease agreements are included above:

	1999 £	1998 £
Cost	-	7,280
Depreciation	<u>-</u>	<u>6,437</u>
Net book value	<u>-</u>	<u>843</u>

8 Stocks

	1999 £	1998 £
Raw materials	-	54,107
Work in progress	-	11,565
Finished goods	<u>-</u>	<u>347,374</u>
	<u>-</u>	<u>413,046</u>

MARLIN LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

9 Debtors

	1999 £	1998 £
Amounts falling due within one year:		
Amounts owned by fellow subsidiary	171,379	-
Deferred taxation (note 11)	-	2,162
Taxation recoverable	-	24,114
Prepayments and accrued income	-	10,350
	<u>171,379</u>	<u>36,626</u>

10 Creditors

	1999 £	1998 £
Amounts falling due within one year:		
Trade creditors	-	27,265
Amount owed to ultimate parent company	-	93,301
Amount owed to parent company	-	12,659
Amounts owed to fellow subsidiary company	-	49,845
Corporation tax	-	83,685
Other taxation	-	1,807
Social security	-	1,909
Accruals	-	3,800
Obligations under finance leases (note 14)	-	243
	<u>-</u>	<u>274,514</u>

11 Deferred taxation

The debtor for deferred taxation included in the balance sheet consists of:

	1999 £	1998 £
Delayed tax allowances	-	2,348
Other timing differences	-	(186)
	<u>-</u>	<u>2,162</u>

MARLIN LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

12 Called up share capital

	1999 £	1998 £
<i>Authorised, issued and fully paid:</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13 Reserves

	1999 £	1998 £
Reconciliation of movements in equity shareholders' funds:		
Profit for the financial year and net addition to equity shareholders' funds	-	229,477
Opening equity shareholders' funds - adverse	<u>171,379</u>	<u>(58,098)</u>
Closing equity shareholders' funds	<u>171,379</u>	<u>171,379</u>

Profit and Loss account

	£
Balance at 31st August 1998 and 29th August 1999	<u>170,379</u>

14 Leasing obligation

	1999 £	1998 £
<i>Future commitments due under finance leases are:</i>		
Within one year	-	313
Less: future finance charges	<u>-</u>	<u>70</u>
	<u>-</u>	<u>243</u>
 Shown in creditors (Note 10) as:		
Amounts falling due within one year	<u>-</u>	<u>243</u>

15 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with other group companies as permitted by Financial Reporting Standard 8 as the consolidated financial statements in which the company is included are publicly available.

MARLIN LEISURE LIMITED**NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999**

(continued)

16 Ultimate parent company

The company is a subsidiary undertaking of Cosalt plc which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.