

SEA-DOG LIFE SAVING APPLIANCES
(SCOTLAND) LIMITED

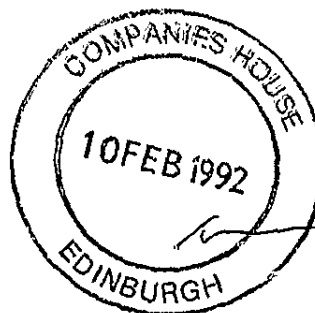
Annual report
for the year ended 31 October 1991

Registered No: SC 045293

SEA-DOG LIFE SAVING APPLIANCES (SCOTLAND) LIMITED

Annual report
for the year ended 31 October 1991

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Directors and advisors

Directors

W G Carnie
A D Lloyd
A D Carnie
A Sharp

Secretary and registered office

A D Carnie Esq
4 Constitution Place
Edinburgh
EH6 7DL

Auditor

Coopers & Lybrand Deloitte
P O Box 90
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Solicitors

J C & A Steuart
25 Rutland Street
Edinburgh
EH1 2AL

Bankers

Royal Bank of Scotland plc
Goldenacre Branch
2 South Trinity Road
Edinburgh

**Report of the directors
for the year ended 31 October 1991**

The directors present herewith their report and the audited financial statements for the year ended 31 October 1991.

Principal activities and review of activities

The profit and loss account for the year is set out on page 5.

The principal activities of the company consist of selling and servicing marine life saving equipment together with the manufacture and sale of life jackets and other associated protective clothing. Both the level of business and the year end financial position were satisfactory and the directors are confident that the present level of activity will be sustained during the coming year.

Dividends and reserves

The directors have declared an interim ordinary dividend of £25,000 in the year ended 31 October 1991.

Fixed assets

The movements in fixed assets during the year are set out in note 9 to the accounts.

Directors

The directors of the company at 31 October 1991, all of whom have been directors for the whole of the year ended on that date, were:-

Mr W G Carnie (Chairman)
Mr M J D Smith
Mr A D Lloyd
Mr A D Carnie

Mr A Sharp was appointed as a director on 8 April 1991.

Mr M J D Smith resigned as a director on 31 December 1991. In accordance with the Articles of Association, Mr A D Lloyd and Mr A D Carnie retire by rotation and, being eligible, offer themselves for re-appointment.

Report of the directors
for the year ended 31 October 1991

Directors' interests in shares of the company

The interests of the directors of the company at 31 October 1991 in the share capital of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:-

	Ordinary shares of £1 each			
	31 October 1991		31 October 1990	
	Numbers	Amount £	Numbers	Amount £
The executors of the estate of Mr W G F Carnie	235	235	235	235
Mr M J D Smith	603	603	603	603
Mr A D Lloyd	555	555	555	555
Mr W G Carnie	705	705	705	705
Mr A D Carnie	400	400	400	400
Mr A Sharp	-	-	-	-
	<u>2,498</u>	<u>2,498</u>	<u>2,498</u>	<u>2,498</u>

Close company

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

Auditor

A resolution to reappoint the auditor Coopers & Lybrand Deloitte will be proposed at the annual general meeting.

By order of the board



Secretary
Edinburgh, 31 JANUARY 1992

Report of the auditor to the members of
SEA-DOG LIFE SAVING APPLIANCES (SCOTLAND) LIMITED

We have audited the financial statements on pages 5 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 October 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cooper & Munro Dels: 15

Chartered Accountants and
Registered Auditor
Edinburgh, 4/2/92

Profit and loss account
for the year ended 31 October 1991

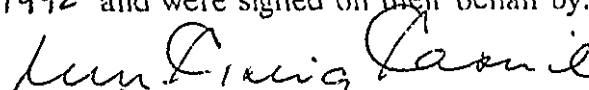
	Notes	1991 £	1990 £
Turnover	2	4,555,312	2,476,973
Cost of sales		3,131,344	1,494,071
Gross profit		1,423,968	982,902
Distribution costs		(31,712)	(19,129)
Administrative expenses		(1,152,477)	(884,446)
Other operating income		7,462	1,790
Operating profit	3	247,241	81,117
Interest payable	6	(16,293)	(25,279)
Profit before taxation		230,948	55,838
Tax charge on results of ordinary activities	7	(61,669)	(12,263)
Profit on ordinary activities after tax		169,279	43,575
Dividend	8	(25,000)	-
		144,279	43,575
Statement of retained profits			
Retained profits at 1 November 1990		512,201	468,626
Profit for the year		144,279	43,575
Retained profits at 31 October 1991		656,480	512,201

Balance sheet - 31 October 1991


	Notes	1991 £	1990 £
Fixed assets			
Tangible assets	9	317,623	317,860
Investments	10	2	2
		<u>317,625</u>	<u>317,862</u>
Current assets			
Stocks	11	435,649	300,061
Debtors	12	1,058,506	635,463
Cash at bank and in hand		5,969	795
		<u>1,500,124</u>	<u>936,319</u>
Creditors: amounts falling due within one year	13	<u>1,134,937</u>	<u>725,341</u>
Net current assets		<u>365,187</u>	<u>210,978</u>
Total assets less current liabilities		<u>682,812</u>	<u>528,840</u>
Creditors: amounts falling due after more than one year	14	(23,832)	(12,557)
Provision for liabilities and charges	15	-	(1,582)
		<u>(23,832)</u>	<u>(14,139)</u>
		<u>658,980</u>	<u>514,701</u>
Capital and reserves			
Called up share capital	16	2,500	2,500
Profit and loss account		656,480	512,201
		<u>658,980</u>	<u>514,701</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 31 JANUARY 1992 and were signed on their behalf by:

Director



Director



Statement of source and application of funds
for the year ended 31 October 1991

	1991 £	1990 £
Source of funds		
Profit on ordinary activities before taxation	230,948	55,838
Adjustment for items not involving the movement of funds:		
Depreciation	67,272	58,110
(Gain)/loss on sale of tangible fixed assets	(5,753)	85
	61,519	58,195
Total from operations	292,467	114,033
Funds from other sources		
Sale proceeds of tangible fixed assets	20,800	6,265
Increase/(decrease) in hire purchase creditor	2,808	(16,745)
Total source of funds	316,075	103,553
Application of funds		
Net tax paid	31,456	17,622
Purchase of tangible fixed assets	82,082	92,432
Dividend paid	25,000	-
Total application of funds	138,538	110,054
Increase/(decrease) in working capital	177,537	(6,501)
Made up as follows:		
Increase in stocks	135,588	23,180
Increase in debtors	423,043	144,465
Increase in creditors, falling due within one year, excluding bank overdraft and tax	(572,912)	(44,375)
	(14,281)	123,270
Movement in net liquid funds:		
Cash at bank and in hand	5,174	460
Bank overdraft	186,644	(130,231)
	191,818	(129,771)
Increase/(decrease) in working capital	177,537	(6,501)

**Notes to the financial statements
for the year ended 31 October 1991**

1 Principal accounting policies

A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of tangible fixed assets over the expected useful economic life of the assets concerned. The annual rates used for this purpose, which are consistent with those of the previous year are:-

	%
Plant and machinery	20 Straight line
Fixtures and fittings	20 Straight line
Motor vehicles	25 Reducing balance

Leasehold premises are depreciated on a straight line basis over the remaining life of the lease, which expires in 2060.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Deferred tax

Provision is made for deferred tax at the rate of corporation tax ruling at the year end (the liability method) except in respect of any timing differences which are unlikely to result in a tax liability in the foreseeable future.

Notes to the financial statements
for the year ended 31 October 1991 (continued)

1 Principal accounting policies (continued)

Foreign currency

Assets and liabilities expressed in foreign currencies are translated to sterling at rates of exchange ruling at the end of the financial year.

Finance leases - Hire purchase contracts

Assets acquired under hire purchase contracts have been capitalised and depreciated in accordance with the policy stated above.

Interest incurred in respect of hire purchase contracts is charged in the profit and loss account over the period of each contract.

Pensions

The company operates a defined benefit pension scheme which is contracted out of the state scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

2 Turnover

The geographical analysis of turnover is as follows:

	1991 £	1990 £
United Kingdom	2,604,873	1,877,837
Rest of the World	1,950,439	599,136
	<u>4,555,312</u>	<u>2,476,973</u>

Notes to the financial statements
for the year ended 31 October 1991 (continued)

3 Operating profit

Operating profit is stated after charging:-

	1991 £	1990 £
Auditors' remuneration	<u>5,675</u>	<u>5,300</u>
Depreciation of tangible fixed assets	<u>67,272</u>	<u>58,110</u>
(Gain)/loss on sale of tangible fixed assets	<u>(5,753)</u>	<u>85</u>
Directors' emoluments:		
For management services (including pension)	<u>285,626</u>	<u>205,000</u>
Exchange (loss)/gain	<u>(760)</u>	<u>1,869</u>

4 Directors' emoluments

Particulars of directors' emoluments (excluding pension contributions) disclosed in accordance with Schedule 5 of the Companies Act 1985 are as follows:-

	1991 £	1990 £
Emoluments of the chairman	<u>53,163</u>	<u>46,110</u>
Emoluments of the highest paid director	<u>53,163</u>	<u>46,110</u>

Other directors emoluments (excluding pension contributions) fall within the following ranges:

£1 to £5,000	-	1
£35,001 to £40,000	-	2
£40,001 to £45,000	1	-
£45,001 to £50,000	-	1
£50,001 to £55,000	3	-

Notes to the financial statements
for the year ended 31 October 1991 (continued)

5 Employee information

- (a) The average number of persons employed by the company (including executive directors) during the year is analysed below:-

	1991	1990
Production and service	27	27
Selling and distribution	11	10
Administration	8	8
	<u>—</u>	<u>—</u>
	46	45
	<u>==</u>	<u>==</u>

- (b) The employment costs for all employees including directors, are:-

	1991 £	1990 £
Aggregate gross wages and salaries	621,835	509,780
Employer's national insurance contributions	53,630	43,858
Employer's pension contributions	46,307	46,159
	<u>—</u>	<u>—</u>
Total direct costs of employment	721,772	599,797
	<u>==</u>	<u>==</u>

6 Interest payable and similar charges

	1991 £	1990 £
Interest payable on bank loans and overdrafts, wholly repayable within 5 years	7,365	16,403
Hire purchase contracts	8,928	8,876
	<u>—</u>	<u>—</u>
	16,293	25,279
	<u>==</u>	<u>==</u>

Notes to the financial statements
for the year ended 31 October 1991 (continued)

7 Tax on profit on ordinary activities

The charge for taxation is made up as follows:

	1991 £	1990 £
On the profit for the year:		
UK Corporation tax at 26% (1990:25%)	63,171	23,031
Transfer from deferred taxation	(1,582)	(8,288)
Over (under)/provision for tax in previous years	80	(2,480)
	<u>61,669</u>	<u>12,263</u>

8 Dividend

	1991 £	1990 £
Interim paid of £10 per ordinary share	<u>25,000</u>	<u>-</u>

9 Tangible fixed assets

	Long Leasehold Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 November 1990	219,329	57,013	142,128	141,137	559,607
Disposals	-	-	(47,473)	-	(47,473)
Expenditure	-	2,548	68,047	11,487	82,082
At 31 October 1991	<u>219,329</u>	<u>59,561</u>	<u>162,702</u>	<u>152,624</u>	<u>594,216</u>
Depreciation					
At 1 November 1990	41,802	41,225	65,613	93,107	241,747
Disposals	-	-	(32,426)	-	(32,426)
Charge for year	5,417	6,771	34,604	20,480	67,272
At 31 October 1991	<u>47,219</u>	<u>47,996</u>	<u>67,791</u>	<u>113,587</u>	<u>276,593</u>
Net book value					
At 31 October 1991	<u>172,110</u>	<u>11,565</u>	<u>94,911</u>	<u>39,037</u>	<u>317,623</u>
At 31 October 1990	<u>177,527</u>	<u>15,788</u>	<u>76,515</u>	<u>48,030</u>	<u>317,860</u>

Notes to the financial statements
for the year ended 31 October 1991 (continued)

9 Tangible fixed assets (continued)

Included in fixed assets are certain assets acquired under leasing agreements. Details of these assets are as follows:

	1991 £	1990 £
Cost	212,831	183,416
Accumulated depreciation	105,143	79,372
	<u> </u>	<u> </u>

10 Investments

	1991 £	1990 £
Ordinary £1 shares	2	2
	=	=

In 1988 Sea-Dog Life Saving Appliances (Scotland) Limited purchased a dormant company which changed its name to Sea-Dog Life Saving Appliances Limited. The above investment represents Sea-Dog Life Saving Appliances (Scotland) Limited's 100% holding in this dormant subsidiary.

11 Stocks

	1991 £	1990 £
Raw materials	12,685	11,367
Work in progress	100,300	82,228
Finished goods	322,664	206,466
	<u> </u>	<u> </u>
	435,649	300,061
	<u> </u>	<u> </u>

12 Debtors

	1991 £	1990 £
Trade debtors	1,019,599	616,076
Prepayments and accrued income	6,192	19,387
VAT	32,715	-
	<u> </u>	<u> </u>
	1,058,506	635,463
	<u> </u>	<u> </u>

Notes to the financial statements
for the year ended 31 October 1991 (continued)

13 Creditors: amounts falling due within one year

	1991 £	1990 £
Trade creditors	809,733	310,751
Other creditors, including taxation and social security (see (a) below)	256,509	150,784
Hire purchase creditors (net of interest)	26,713	35,180
Bank overdraft (b)	41,982	228,626
	<u>1,134,937</u>	<u>725,341</u>

(a) Other creditors, including taxation and social security, are made up as follows:-

	1991 £	1990 £
Sundry creditors and accruals	184,824	116,673
United Kingdom corporation tax	54,838	23,043
Social security	16,847	11,068
	<u>256,509</u>	<u>150,784</u>

(b) The bank hold a standard security over the lease of the premises at 4/6 Constitution Place, as security for all amounts owing to them. The bank overdraft is secured by a bond and floating charge over the assets of the company.

14 Creditors: amounts falling due after more than one year

	1991 £	1990 £
Hire purchase creditors	50,545	47,737
Less: Portion repayable in one year (shown under current liabilities)	26,713	35,180
	<u>23,832</u>	<u>12,557</u>

Notes to the financial statements
for the year ended 31 October 1991 (continued)

15 Provision for liabilities and charges

Deferred taxation:-

	31 October 1991		31 October 1990	
	Provision	Full	Provision	Full
	Made	Potential	Made	Potential
	£	Asset	£	Liability
Accelerated capital allowances	-	(3,467)	6,780	6,780
Other timing differences	-	(1,310)	(5,198)	(5,198)
	<u>-</u>	<u>(4,777)</u>	<u>1,582</u>	<u>1,582</u>

Movements on the provision for deferred taxation are:-

	£
At 1 November 1990	1,582
Transfer to profit and loss account	(1,582)
At 31 October 1991	<u>-</u>

16 Called up share capital

	1991	1990
	£	£
Authorised:		
5000 shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid:		
2500 shares of £1 each	<u>2,500</u>	<u>2,500</u>

17 Contingent liabilities

There are outstanding US Dollar forward contracts amounting to £177,666. These contingent liabilities occur in the normal course of business and, in the opinion of the directors, no liability will arise. In addition there is a £3,500 Customs Bond in favour of The Commissioners of Customs & Excise.

Notes to the financial statements
for the year ended 31 October 1991 (continued)

18 Pension scheme

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triannual valuations using the projected unit method. The most recent valuation was at March 1991. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 9% per annum, the salary increases would average 8% per annum and that present and future pensions would increase at the rate of 4% per annum.

The pension charge for the period was £46,306 (1990:£46,159)

The most recent third party actuarial valuation at March 1991 showed that the level of funding was 94% i.e. the actuarial value of the assets was sufficient to cover that percentage of the benefits based on projected salaries which had accrued to members on an on-going basis. There is currently a deficiency in the fund in respect of accrued service. This deficiency should be eliminated by 1994 through an increase of 4% in the long term funding rate. The market value of the scheme's assets at 5 April 1990 was £422,157. The contributions of the company and employees will increase to 20.1% and 4% of pensionable earning respectively.