

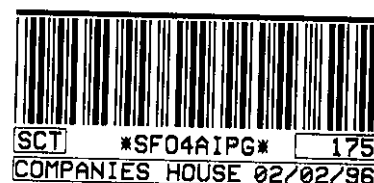
Sea-Dog Life Saving Appliances (Scotland) Limited

Annual report for the year ended 31 October 1995

45293

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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

Auditors

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

Solicitors

Gillespie Macandrew WS
31 Melville Street
Edinburgh
EH3 7JQ

Bankers

Royal Bank of Scotland plc
Edinburgh Leith Branch
2 Bernard Street
Edinburgh

Report of the directors for the year ended 31 October 1995

The directors present herewith their report and the audited financial statements for the year ended 31 October 1995.

Principal activities

The profit and loss account for the year is set out on page 6.

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.

Review of business

The directors were disappointed in the reduction in turnover but in the current trading conditions consider that both the level of business and year end financial position were satisfactory, and are confident that the present level of activity will be sustained during the coming year.

Dividends and reserves

The directors do not recommend the payment of a dividend in respect of the year ended 31 October 1995 (1994: £Nil) and propose to transfer £22,602 to reserves.

Fixed assets

The movements in fixed assets during the year are set out in notes 8 and 9 to the financial statements.

Directors

The directors of the company at 31 October 1995, all of whom have been directors for the whole of the year ended on that date, were:-

Mr W G Carnie (Chairman)
Mr A D Lloyd
Mr A D Carnie
Mr A Sharp

In accordance with the Articles of Association, Mr W G Carnie and Mr A Sharp retire by rotation and, being eligible, offer themselves for re-appointment.

In accordance with company policy, Mr A D Lloyd offers himself for reappointment on a yearly basis, having passed the age of 60.

Report of the directors for the year ended 31 October 1995 (continued)

Directors' interests in shares of the company

The interests of the directors of the company at 31 October 1995 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 1995		31 October 1994	
	Numbers	Amount £	Numbers	Amount £
Mr A D Lloyd	555	555	555	555
Mr W G Carnie	705	705	705	705
Mr A D Carnie	400	400	400	400
	<u>1,660</u>	<u>1,660</u>	<u>1,660</u>	<u>1,660</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.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 October 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Report of the directors
for the year ended 31 October 1995 (continued)**

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'J. H. Gavin', followed by a long horizontal line extending to the right.

Secretary
Edinburgh,

Report of the auditors to the members of Sea-Dog Life Saving Appliances (Scotland) Limited

We have audited the financial statements on pages 6 to 16.

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 statements and to report our opinion to you.

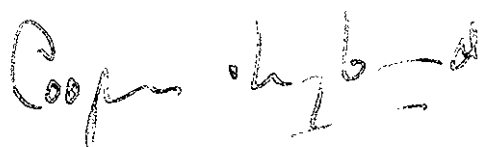
Basis of opinion

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 at 31 October 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Edinburgh,

30. January. 1996

**Profit and loss account
for the year ended 31 October 1995**

	Notes	Continuing Operations 1995 £	Continuing Operations 1994 £
Turnover	2	2,554,004	2,681,998
Cost of sales		1,637,188	1,776,374
Gross profit		916,816	905,624
Distribution costs		1,504	7,590
Administrative expenses		904,615	863,244
Other operating income		23,039	10,507
Operating profit	3	33,736	45,297
Interest payable	6	5,950	7,485
Profit on ordinary activities before tax		27,786	37,812
Tax charge on results of ordinary activities	7	5,184	8,738
Profit on ordinary activities after tax	18	22,602	29,074

Statement of Total Recognised Gains and Losses

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been prepared.

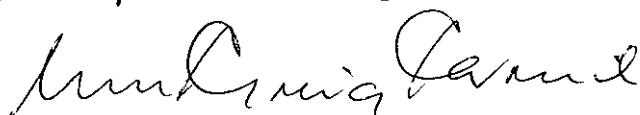
Note of Historical Cost Profits and Losses

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical equivalents.

Balance sheet - 31 October 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	8	277,620	264,617
Investments	9	2	2
		<u>277,622</u>	<u>264,619</u>
Current assets			
Stocks	10	331,739	331,663
Debtors	11	539,201	394,868
Cash at bank and in hand		265,964	313,594
		<u>1,136,904</u>	<u>1,040,125</u>
Creditors: amounts falling due within one year	12	<u>532,373</u>	<u>455,403</u>
Net current assets		<u>604,531</u>	<u>584,722</u>
Total assets less current liabilities		<u>882,153</u>	<u>849,341</u>
Creditors: amounts falling due after more than one year	13	<u>22,321</u>	<u>12,111</u>
		<u><u>859,832</u></u>	<u><u>837,230</u></u>
Capital and reserves			
Called up share capital	15	2,500	2,500
Profit and loss account	18	857,332	834,730
		<u>859,832</u>	<u>837,230</u>
Equity shareholders' funds	19	<u><u>859,832</u></u>	<u><u>837,230</u></u>

The financial statements on pages 6 to 16 were approved by the board of directors on 24 JANUARY 1996 and were signed on their behalf by:


Director

Notes to the financial statements for the year ended 31 October 1995

1 Principal 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 of the company, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

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 and work in progress 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 using the liability method, on all material timing differences to the extent that it is probable a liability or asset will crystallise.

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. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Finance leases and hire purchase contracts

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing/hire purchase commitment is shown as an obligation. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged against profit over the contract period.

Pensions

Until the 9 May 1992 the company operated a pension scheme based on final pensionable salary. On 9 May 1992 contributions to that scheme ceased and active members at that date became members of a new defined contribution scheme. Pension costs on the original scheme 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. Contributions to the new scheme are charged as and when they fall due.

The company provides no other post retirement benefits to its employees.

Group financial statements

The company has taken advantage of section 248 of the Companies Act 1985 and has not prepared consolidated financial statements. Details of the company's investment in its subsidiary are set out in note 9.

Cash flow statement

The company qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirement to publish a cash flow statement.

2 Turnover

The geographical analysis of turnover is as follows:

	1995	1994
	£	£
United Kingdom	1,886,817	2,112,205
Rest of the World	667,187	569,793
	<u>2,554,004</u>	<u>2,681,998</u>

3 Operating profit

Operating profit is stated after charging/(crediting):-

	1995	1994
	£	£
Auditors' remuneration	5,000	6,800
Depreciation of tangible fixed assets	53,757	49,039
(Gain)/loss on sale of tangible fixed assets	(4,064)	67
Exchange loss	650	3,502
	<u> </u>	<u> </u>

4 Directors' emoluments

	1995	1994
	£	£
Fees	20,000	20,000
Other emoluments (including pension contributions and benefits in kind)	244,778	200,490
	<u> </u>	<u> </u>
	<u>264,788</u>	<u>220,490</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	1995	1994
	£	£
The chairman and highest paid director	63,504	53,505
	<u> </u>	<u> </u>

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) fall within the following ranges:

	1995	1994
	Number	Number
	£	£
£45,001 to £50,000	-	1
£50,001 to £55,000	-	3
£55,001 to £60,000	1	-
£60,001 to £65,000	3	-
	<u> </u>	<u> </u>

5 Employee information

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

	1995	1994
Production and service	14	15
Selling and distribution	7	7
Administration	7	8
	<u>28</u>	<u>30</u>

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

	1995 £	1994 £
Aggregate gross wages and salaries	532,355	522,325
Employer's national insurance contributions	46,820	46,397
Employer's pension contributions	43,456	38,452
	<u>622,631</u>	<u>607,174</u>

6 Interest payable and similar charges

	1995 £	1994 £
Hire purchase contracts	<u>5,950</u>	<u>7,485</u>

7 Tax on profit on ordinary activities

The charge for taxation is made up as follows:

	1995 £	1994 £
United Kingdom corporation tax at 25% (1994: 25%)	4,547	8,738
Underprovision in respect of prior year	637	-
	<u>5,184</u>	<u>8,738</u>

8 Tangible fixed assets

	Long Leasehold Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 November 1994	219,329	68,838	200,826	159,022	648,015
Disposals	-	(3,500)	(98,544)	-	(102,044)
Additions	-	16,877	78,674	7,105	102,656
At 31 October 1995	219,329	82,215	180,956	166,127	648,627
Depreciation					
At 1 November 1994	63,469	62,350	104,947	152,632	383,398
Disposals	-	(3,500)	(62,648)	-	(66,148)
Charge for year	5,416	5,774	37,569	4,998	53,757
At 31 October 1995	68,885	64,624	79,868	157,630	371,007
Net book value at 31 October 1995	150,444	17,591	101,088	8,497	277,620
Net book value At 31 October 1994	155,860	6,488	95,879	6,390	264,617

Included in fixed assets are certain assets acquired under hire purchase contract. Details of these assets are as follows:

	1995 £	1994 £
Cost	166,363	200,826
Accumulated depreciation	76,283	104,947
Depreciation charge in year	30,026	32,803

9 Investments

	1995	1994
	£	£
Ordinary £1 shares	2	2
	<u> </u>	<u> </u>

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. Seadog Life Saving Appliances is a company registered in Scotland.

10 Stocks

	1995	1994
	£	£
Raw materials	12,871	7,841
Work in progress	14,786	34,271
Finished goods	304,082	289,551
	<u> </u>	<u> </u>
	331,739	331,663
	<u> </u>	<u> </u>

11 Debtors

Amounts falling due within one year

	1995	1994
	£	£
Trade debtors	532,801	385,526
Prepayments and accrued income	6,400	8,270
Other debtors	-	1,072
	<u> </u>	<u> </u>
	539,201	394,868
	<u> </u>	<u> </u>

12 Creditors: amounts falling due within one year

	1995	1994
	£	£
Trade creditors	412,919	337,696
Other creditors, including taxation and social security (a)	91,881	70,624
Liabilities arising under hire purchase contracts	21,361	31,204
Bank overdraft (b)	6,212	15,879
	<u> </u>	<u> </u>
	532,373	455,403
	<u> </u>	<u> </u>

12 Creditors: amounts falling due within one year (continued)

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

	1995 £	1994 £
Sundry creditors and accruals	62,189	48,517
United Kingdom Corporation Tax	4,547	8,738
Social security	15,393	13,369
VAT	9,752	-
	<u>91,881</u>	<u>70,624</u>

(b) The bank holds 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.

13 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Liabilities arising under hire purchase contracts	<u>22,321</u>	<u>12,111</u>

14 Provision for liabilities and charges

Deferred taxation:-

	31 October 1995		31 October 1994	
	Provision Made £	Full Potential Asset £	Provision Made £	Full Potential Asset £
Accelerated capital allowances	-	(397)	-	(2,528)
Other timing differences	-	475	-	-
	<u>-</u>	<u>78</u>	<u>-</u>	<u>(2,528)</u>

15 Called up share capital

	1995 £	1994 £
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>

16 Contingent liabilities

There are outstanding US Dollar forward contracts amounting to £102,808. These contingent liabilities occur in the normal course of business and, in the opinion of the directors, no liability will arise.

There are guarantees totalling £25,942 given to Chevron UK, Amec Engineering and Hamilton Oil in the normal course of trading.

In addition, there is a £3,500 Customs Bond in favour of The Commissioners of HM Customs and Excise.

17 Pension scheme

The company operates a defined contribution pension scheme. 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 as and when they fall due.

The pension charge for the period was £43,456 (1994:£38,452)

18 Profit and loss account

	1995 £
At 1 November 1994	834,730
Retained profit for the year	<u>22,602</u>
At 31 October 1995	<u>857,332</u>

19 Reconciliation of movements in equity shareholders' funds

	1995	1994
	£	£
Profit for the financial year	22,602	29,074
Opening equity shareholders' funds	837,230	808,156
Closing equity shareholders' funds	<u>859,832</u>	<u>837,230</u>