

Company Number: 1146611

C.J. Broom & Sons Limited

Financial statements

30 November 2009



C.J. Broom & Sons Limited

Financial statements

Year ended 30 November 2009

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C.J. Broom & Sons Limited

Company information

Chairman

M C Broom, M B E

Registered Office

The Yacht Station
Riverside
Brundall
Norwich
NR13 5PX

Directors

M C Broom, M B E
Mrs J A Broom

Secretary

Mrs J A Broom

Auditors

Lovewell Blake
102 Prince of Wales Road
Norwich
NR1 1NY

C.J. Broom & Sons Limited

The directors' report

Year ended 30 November 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 November 2009

Principal activities and business review

The principal activity of the company continued to be that of boat builders and boat traders. The company continued to experience the effects of the current recession and, although sales increased over the previous year, pressure on the margins earned continued to affect profitability. However the loss for the year was significantly less than the previous year. The directors continue to strive for efficiency and streamlining of operations where possible and are optimistic that turnover will increase and margins improve in the future. The directors are confident that sufficient funding is available to enable continued operations on the scales planned.

Results and dividends

The loss for the year, after taxation, amounted to £505,160. The directors cannot recommend a dividend.

Directors

The directors during the year were

M C Broom, M B E
Mrs J A Broom

In accordance with the articles of association, Mrs J A Broom will retire by rotation and, being eligible, will offer herself for re-election.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies, as described on page 8, and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 2006. The directors 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

C.J. Broom & Sons Limited

The directors' report *(continued)*

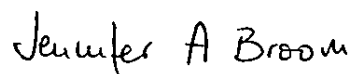
Year ended 30 November 2009

Auditor

Lovewell Blake are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
The Yacht Station
Riverside
Brundall
Norwich
NR13 5PX

Signed by order of the directors



Mrs J A Broom
Company Secretary

Approved by the directors on 7 July 2010

C.J. Broom & Sons Limited

Independent auditors' report to the shareholders of C.J. Broom & Sons Limited

Year ended 30 November 2009

We have audited the financial statements of C J Broom & Sons Limited for the year ended 30 November 2009 on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 November 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the ability of the company to continue as a going concern and the continued financial support of the parent company, Broom Boats Limited. The company incurred a net loss of £505,160 during the year ended 30 November 2009 and, as at that date, the company's liabilities exceeded its total assets by £675,378. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

SIMON WATSON (Senior Statutory Auditor)
For and on behalf of LOVEWELL BLAKE, Statutory Auditor

102 Prince of Wales Road
Norwich
Norfolk
NR1 1NY
8 July 2010

C.J. Broom & Sons Limited

Profit and loss account

Year ended 30 November 2009

	Note	2009 £	2008 £
Turnover	3	8,602,754	7,065,067
Cost of sales		<u>(8,719,398)</u>	<u>(7,522,281)</u>
Gross loss		(116,644)	(457,214)
Sales and distribution costs		(375,631)	(365,539)
Administrative expenses		(183,325)	(169,787)
Other operating income		<u>127,322</u>	<u>58,987</u>
Operating loss		(548,278)	(933,553)
Interest payable		(37,088)	(11,808)
Interest receivable		<u>193</u>	<u>2,854</u>
Loss on ordinary activities before taxation		(585,173)	(942,507)
Tax on loss on ordinary activities	6	<u>80,013</u>	<u>220,482</u>
Loss on ordinary activities after taxation		<u><u>(505,160)</u></u>	<u><u>(722,025)</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 13 form part of these financial statements

C.J. Broom & Sons Limited

Balance sheet

30 November 2009

	Note	2009 £	2009 £	2008 £
Current assets				
Stocks	7	541,235		1,668,828
Debtors due within one year	8	980,908		1,194,543
Debtors due after one year	8	148,873		123,011
Cash at bank		<u>92,848</u>		<u>-</u>
			1,763,864	2,986,382
Creditors				
Amounts falling due within one year	10		<u>(1,678,296)</u>	<u>(2,395,654)</u>
Net current assets			85,568	590,728
Creditors. Amounts falling due after more than one year	11		(760,946)	(760,946)
			<u>(675,378)</u>	<u>(170,218)</u>
Capital and reserves				
Share capital	12		2,000	2,000
Profit and loss account	17		<u>(677,378)</u>	<u>(172,218)</u>
Deficit	18		<u>(675,378)</u>	<u>(170,218)</u>

These financial statements were approved by the directors and authorised for issue on 7 July 2010 and are signed on their behalf by



M C Broom, M B E



Mrs J A Broom

The notes on pages 8 to 13 form part of these financial statements

C.J. Broom & Sons Limited

Cash flow statement

Year ended 30 November 2009

	Note	2009 £	2008 £
Cash inflow/(outflow) from operating activities	15	1,318,877	(718,284)
Return on investments and servicing of finance			
Interest paid		(37,088)	(11,808)
Interest received		193	2,845
Taxation		<u>30,476</u>	<u>42,523</u>
Increase/(decrease) in cash in the year		<u>1,312,458</u>	<u>(684,715)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year		<u>1,312,458</u>	<u>(684,715)</u>
Movement in net debt in the year		1,312,458	(684,715)
Net debt at 1 December 2008		<u>(1,519,987)</u>	<u>(835,272)</u>
Net debt at 30 November 2009	16	<u>(207,529)</u>	<u>(1,519,987)</u>

The notes on pages 8 to 13 form part of these accounts

C.J. Broom & Sons Limited

Notes to the financial statements

Year ended 30 November 2009

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

Stock

Stock is stated at the lower of cost and net realisable value. Cost is recognised on an actual basis. Net realisable value is based on estimated selling price less the estimated cost of disposal

Pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The provision/asset is discounted to an estimate of net present value based on an estimate of the company's cost of borrowing. Tax deferred or accelerated is accounted for in respect of all material timing differences

2 Basis of preparing the financial statements

The company meets its day to day working capital requirements through a group overdraft facility which is repayable on demand. The nature of the company's business is such that there can be considerable unpredictable variations in the timing of cash inflows. The directors have prepared group projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. On the basis of this cash flow information, the directors consider that the company and the group will continue to operate within the facility currently agreed and within that which they expect to be agreed in the future. However, the margin of facilities over requirements is not large and, inherently there can be no certainty in relation to these matters

In addition to this, the directors consider it appropriate to prepare the financial statements on the going concern basis on the understanding that the company will continue to receive financial support from its parent company by the fact that they will not be required to seek repayment of the loan, as disclosed in note 10 Creditors. Amounts falling due within one year in the foreseeable future

The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the group's bankers or the withdrawal of continued financial support from the parent company

3. Turnover

The turnover and operating profit for the year were derived from the company's principal activities

The analysis of turnover is as follows

	2009 £	2008 £
Boat sales	1,638,826	1,089,245
Boat building	<u>6,963,928</u>	<u>5,975,822</u>
	<u>8,602,754</u>	<u>7,065,067</u>

The company exported 22% (2008 24%) of turnover to customers within the European Union

C.J. Broom & Sons Limited

Notes to the financial statements

Year ended 30 November 2009

4. Operating loss

The operating loss is stated after charging	2009 £	2008 £
Auditors remuneration - as auditor	<u>4,950</u>	<u>4,950</u>

5. Particulars of employees

The average monthly number of staff employed by the company during the financial year amounted to

	2009	2008
Administration	2	2
Selling and distribution	4	4
Boatbuilding	<u>60</u>	<u>83</u>
	<u>66</u>	<u>89</u>

The aggregate payroll costs of the above were	2009 £	2008 £
Wages and salaries	1,453,358	2,070,591
Social security costs	144,720	202,749
Redundancy payments	128,119	-
Pension costs	<u>7,823</u>	<u>7,676</u>
	<u>1,734,020</u>	<u>2,281,016</u>

6. Taxation on ordinary activities

(a) Analysis of charge in the year	2009 £	2008 £
Current tax		
U K corporation tax based on the results for the year at 21% (2008 21%)	<u>(54,151)</u>	<u>(97,471)</u>
Total current tax	(54,151)	(97,471)
Deferred tax		
Origination and reversal of timing differences	<u>(25,862)</u>	<u>(123,011)</u>
Tax on loss on ordinary activities	<u>(80,013)</u>	<u>(220,482)</u>

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 21% (2008 21%)
The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before tax	<u>(585,173)</u>	<u>(942,507)</u>
Loss on ordinary activities by rate of tax	(122,886)	(197,926)
Effects of		
Expenses disallowed	629	370
Unrelieved losses discounted to net present value	82,064	123,011
Group relief surrendered	29,693	49,077
Receipt from group company for relief surrendered	(39,151)	(66,995)
Difference in tax rates in earlier periods	<u>(4,500)</u>	<u>(5,008)</u>
Total current tax (note 6(a))	<u>(54,151)</u>	<u>(97,471)</u>

C.J. Broom & Sons Limited

Notes to the financial statements

Year ended 30 November 2009

7 Stocks	2009	2008
	£	£
Raw materials	1,235	1,235
Boats for resale	540,000	814,000
Work in progress	-	853,593
	<u>541,235</u>	<u>1,668,828</u>

8 Debtors	2009	2008
	£	£
Trade debtors	692,923	653,500
Amounts recoverable on contracts	237,762	483,274
Corporation tax recoverable	15,000	30,476
Prepayments and accrued income	35,223	27,293
Deferred taxation (note 9)	148,873	123,011
	<u>1,129,781</u>	<u>1,317,554</u>

The debtors above include the following amounts falling due after more than one year

	2009	2008
	£	£
Deferred taxation (note 9)	<u>148,873</u>	<u>123,011</u>

9 Deferred taxation	2009	2008
	£	£
Included in debtors (note 8)	<u>148,873</u>	<u>123,011</u>

The movement in the deferred taxation account during the year was

	2009	2008
	£	£
Balance brought forward	123,011	-
Profit and loss account movement arising during the year	<u>25,862</u>	<u>123,011</u>
Balance carried forward	<u>148,873</u>	<u>123,011</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2009	2008
	£	£
Available losses	<u>148,873</u>	<u>123,011</u>

C.J. Broom & Sons Limited

Notes to the financial statements

Year ended 30 November 2009

10. Creditors. Amounts falling due within one year	2009 £	2008 £
Bank overdraft	-	616,975
Other loans	300,377	903,012
Trade creditors	210,625	421,377
Amounts owed to parent undertaking	885,946	47,099
Amounts owed to related undertakings	-	284,495
Other taxes and social security	37,646	51,613
Accruals and deferred income	39,944	18,585
Excess payments on account	164,730	-
Other creditors	39,028	52,498
	<u>1,678,296</u>	<u>2,395,654</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2009 £	2008 £
Bank overdraft	-	616,975
Loans secured against boats	<u>300,377</u>	<u>903,012</u>
	<u>300,377</u>	<u>1,519,987</u>

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The company expects to operate within the facility currently agreed and within that expected to be agreed on 31 July 2010. These views are based on the company's plans and on the successful outcome of discussions with the company's bankers.

The bank overdraft is secured by a charge over the freehold property in the holding company as well as a debenture over the company's assets. A guarantee limited to £300,000 has been provided by M C Broom in respect of the company's borrowings.

11 Creditors Amounts falling due after more than one year	2009 £	2008 £
Amounts owed to parent undertaking	<u>760,946</u>	<u>760,946</u>
12 Share capital	2009 £	2008 £
Authorised and allotted, called up and fully paid 2,000 ordinary shares of £1 each (2008 2,000)	<u>2,000</u>	<u>2,000</u>

13. Contingent liabilities

The company has given an unlimited guarantee in respect of the bank borrowings of Broom Boats Limited, which at the balance sheet date amounted to £1,619,720 (2008 £1,509,124).

C.J. Broom & Sons Limited

Notes to the financial statements

Year ended 30 November 2009

14 Related party transactions in which directors have an interest

In the normal course of business, transactions have taken place with Aquafibre Mouldings Limited, a connected company in which both directors have an interest. Details of transactions are as follows:

	2009 £	2008 £
Aquafibre Mouldings Limited		
Purchase of mouldings	215,967	863,397
Purchase of materials	16,186	17,433
Development costs	6,582	56,931
Labour	-	1,049
Transport	-	4,312
Total purchases	<u>238,735</u>	<u>943,122</u>
Creditor at 30 November 2009	-	284,495
Total sales	<u>11,387</u>	-

The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with its parent company.

15 Reconciliation of operating profit to operating cash flows

	2009 £	2008 £
Operating loss	(548,278)	(933,553)
Decrease/(increase) in stocks	1,127,593	(879,593)
Decrease in debtors	198,159	168,273
Increase in parent undertaking balances	877,997	732,980
(Decrease)/increase in creditors	(52,099)	1,444
(Decrease)/increase in connected company balances	<u>(284,495)</u>	<u>192,165</u>
Net cash inflow/(outflow) from operating activities	<u>1,318,877</u>	<u>(718,284)</u>

16 Analysis of net debt

	At 1 December 2008 £	Cash flow £	At 30 November 2009 £
Cash in hand and at bank	(616,975)	709,823	92,848
Other loans	<u>(903,012)</u>	<u>602,635</u>	<u>(300,377)</u>
Total	<u>(1,519,987)</u>	<u>1,312,458</u>	<u>(207,529)</u>

C.J. Broom & Sons Limited

Notes to the financial statements

Year ended 30 November 2009

17. Profit and loss account	2009	2008
	£	£
Balance brought forward	(172,218)	549,807
Loss for the financial year	<u>(505,160)</u>	<u>(722,025)</u>
Balance carried forward	<u>(677,378)</u>	<u>(172,218)</u>
 18 Reconciliation of the movement in shareholders' funds	 2009	 2008
	£	£
Opening shareholders' funds	(170,218)	551,807
Loss for the financial year	<u>(505,160)</u>	<u>(722,025)</u>
Closing deficit	<u>(677,378)</u>	<u>(170,218)</u>

19 Ultimate parent company

The ultimate parent company of C J Broom & Sons Limited is Broom Boats Limited which is incorporated in England

20. Controlling interest

The company is a wholly owned and controlled subsidiary of Broom Boats Limited, which is controlled by Mr M C Broom M B E by virtue of his beneficial and trustee shareholdings