

**BROOM BOATS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 NOVEMBER 2011**



# **BROOM BOATS LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

A Chrisovelides (resigned 1 December 2010)  
M Garner  
M A Clayton (appointed 1 December 2010)  
A J Chancellor (resigned 17 May 2012)

### **COMPANY NUMBER**

01147080

### **REGISTERED OFFICE**

The Yacht Station  
Riverside  
Brundall  
Norwich  
NR13 5PX

### **AUDITORS**

Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
20 Central Avenue  
St Andrews Business Park  
Thorpe St Andrew  
Norwich  
Norfolk  
NR7 0HR

# **BROOM BOATS LIMITED**

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## **BROOM BOATS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2011**

The directors present their report and the financial statements for the year ended 30 November 2011

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the year continued to be in the area of boat building, boat servicing and repairs and the operation of a marina

#### **BUSINESS REVIEW**

The year to 30 November 2011 marked a turning point for Broom Boats Ltd

The company's borrowings were re-structured and significant investment in new model development culminated with the launch of two new boats which had their international debut at the Southampton Boat Show in September 2011. One of these models, the Broom 370, received widespread critical acclaim with six boats being ordered within the first two months of release. The other new model, the Broom 455, is primarily aimed at overseas markets and is generating high levels of interest in the Far East, particularly in China where two dealer groups are to be appointed.

A further two new models will be launched in 2012. The Broom 35 Coupe is eagerly anticipated with five confirmed orders prior to the first boat being completed. This will be followed by the Broom 300 which will be an entry level model and which is again already attracting huge pre-launch interest.

The successful Broom 395 will be significantly enhanced for the summer of 2012 and the first order has already been received.

A key decision during the year was to re-introduce the production of holiday charter boats, the first of which, a Broom 39C, was delivered in the spring of 2012 and this has triggered enquiries from a number of holiday fleet operators. Further models will be added to the range during the coming months as Broom re-establishes itself as a major manufacturer in this market sector with a one stop shop offering which is probably unique in the UK.

The strategy to only sell new Broom boats via an appointed dealer network or direct to charter fleet operators and to discontinue the sale of used boats either from stock or through brokerage has enabled the business to focus on the key areas of design, development and production. As the volume of boats being built steadily increases, the company can benefit from efficiency gains, economy of scale savings and the opportunities of greater buying power.

At the Broom Marina, a programme of facilities improvements has been instigated. The initial phase has seen new quay headings, the opening of a small shop and the introduction of Wi-Fi access for berth holders.

Broom Marina Services continues to offer a full suite of facilities for the boat owner across two sites at Brundall and this aspect of the business will be the focus of further development supported by investment both in IT and customer services processes and in facilities including a refurbished reception area.

Whilst acknowledging that the economy remains tough both in the UK and internationally, the directors are delighted with the results achieved in the first full year since the business was totally re-structured and have every confidence in the continued recovery of the Broom brand and the future success and profitability of the company.

#### **RESULTS**

The loss for the year, after taxation, amounted to £98,805 (2010 - loss £2,060,415)

## **BROOM BOATS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2011**

#### **DIRECTORS**

The directors who served during the year were

A Chrisovelides (resigned 1 December 2010)  
M Garner  
M A Clayton (appointed 1 December 2010)  
A J Chancellor (resigned 17 May 2012)

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report and 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 directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 July 2012 and signed on its behalf



**M Garner**  
Director

## **BROOM BOATS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BROOM BOATS LIMITED**

We have audited the financial statements of Broom Boats Limited for the year ended 30 November 2011, set out on pages 5 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

## **BROOM BOATS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BROOM BOATS LIMITED**

#### **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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Daren Moore FCCA (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

20 Central Avenue  
St Andrews Business Park  
Thorpe St Andrew  
Norwich  
Norfolk  
NR7 0HR

27 July 2012

# BROOM BOATS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2011

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	4,122,935	2,654,300
Cost of sales		(2,885,974)	(1,738,860)
<b>GROSS PROFIT</b>		1,236,961	915,440
Administrative expenses		(1,427,702)	(874,741)
Other operating income	3	11,928	11,022
Other operating charges		-	(2,526)
<b>OPERATING (LOSS)/PROFIT</b>	4	(178,813)	49,195
<b>EXCEPTIONAL ITEMS</b>			
Other exceptional items	8	142,065	(2,179,154)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		(36,748)	(2,129,959)
Income from other fixed asset investments		-	4,000
Interest payable and similar charges	7	(62,057)	(55,588)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(98,805)	(2,181,547)
Tax on loss on ordinary activities	9	-	121,132
<b>LOSS FOR THE FINANCIAL YEAR</b>		(98,805)	(2,060,415)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 8 to 20 form part of these financial statements




**BROOM BOATS LIMITED**  
**REGISTERED NUMBER 01147080**

**BALANCE SHEET**  
**AS AT 30 NOVEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Intangible assets	10		286,057		-
Tangible assets	11		3,381,654		3,371,047
Investments	12		1,000		1,000
			<u>3,668,711</u>		<u>3,372,047</u>
<b>CURRENT ASSETS</b>					
Stocks	13	691,605		503,555	
Debtors	14	366,266		871,057	
Cash at bank and in hand		136,091		50,542	
		<u>1,193,962</u>		<u>1,425,154</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(1,337,351)</u>		<u>(2,457,390)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(143,389)</u>		<u>(1,032,236)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,525,322</u>		<u>2,339,811</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		<u>(1,284,316)</u>		<u>-</u>
<b>NET ASSETS</b>			<u><u>2,241,006</u></u>		<u><u>2,339,811</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		58,210		58,210
Share premium account	19		445,376		445,376
Revaluation reserve	19		1,846,618		1,832,014
Profit and loss account	19		(109,198)		4,211
<b>SHAREHOLDERS' FUNDS</b>	20		<u><u>2,241,006</u></u>		<u><u>2,339,811</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23 July 2012

  
**M Garner**  
 Director

The notes on pages 8 to 20 form part of these financial statements

# BROOM BOATS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	21	456,025	(180,162)
Returns on investments and servicing of finance	22	(62,057)	(51,588)
Capital expenditure and financial investment	22	(381,218)	102,095
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<u>12,750</u>	<u>(129,655)</u>
Financing	22	1,386,000	-
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<u><u>1,398,750</u></u>	<u><u>(129,655)</u></u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 30 NOVEMBER 2011

	2011 £	2010 £
Increase/(Decrease) in cash in the year	1,398,750	(129,655)
Cash inflow from increase in debt and lease financing	<u>(1,386,000)</u>	<u>-</u>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<u>12,750</u>	<u>(129,655)</u>
Net debt at 1 December 2010	<u>(1,739,770)</u>	<u>(1,610,115)</u>
<b>NET DEBT AT 30 NOVEMBER 2011</b>	<u><u>(1,727,020)</u></u>	<u><u>(1,739,770)</u></u>

The notes on pages 8 to 20 form part of these financial statements

## **BROOM BOATS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards

The company meets its day to day working capital requirements through formal bank borrowings. In forming their decision on going concern the directors have considered a period of no less than 12 months from the date of approval of these financial statements. Based on financial projections and the availability of sufficient levels of finance, the directors consider it appropriate to prepare the financial statements on the going concern basis.

##### **1.2 Turnover**

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and for services provided as principal. In respect of long term contracts and contracts for on-going services, turnover represents work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for ongoing services is recognised by reference to the stage of completion.

##### **1.3 Intangible fixed assets and amortisation**

Goodwill arising on acquisitions is capitalised and amortised over 5 years. The directors believe this is the most appropriate method of amortisation.

The carrying value of goodwill is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

New model development costs are capitalised and amortised over the expected life of the new model.

##### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant & machinery	-	10%-25% reducing balance
Motor vehicles	-	25% straight line
Improvements to leasehold property	-	10% reducing balance

Moulds, included in plant and machinery, are written off over their useful economic lives. The useful economic lives are assessed annually by the directors.

## **BROOM BOATS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.5 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and Loss Account.

##### **1.6 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

##### **1.7 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### **1.8 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

##### **1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

##### **1.10 Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

# **BROOM BOATS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011**

### **1. ACCOUNTING POLICIES (continued)**

#### **1.11 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

### **2. TURNOVER**

The whole of the turnover is attributable to boat building, boat servicing and repairs and the operation of a marina

All turnover arose within the United Kingdom

### **3. OTHER OPERATING INCOME**

	2011 £	2010 £
Net rents receivable	11,928	11,022

### **4. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation - intangible fixed assets	-	5,000
Depreciation of tangible fixed assets		
- owned by the company	85,552	97,567
Auditors' remuneration	8,028	15,425
Compensation for access rights	-	(83,100)

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	1,744,198	1,165,186
Other pension costs	10,455	14,638
	<u>1,754,653</u>	<u>1,179,824</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Boat building and repairing	57	37
Selling, distribution and administration	18	18
	<u>75</u>	<u>55</u>

### 6. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>85,540</u>	<u>56,849</u>
Compensation for loss of office	<u>-</u>	<u>30,000</u>

### 7. INTEREST PAYABLE

	2011 £	2010 £
On bank loans and overdrafts	<u>62,057</u>	<u>55,588</u>

### 8. EXCEPTIONAL ITEMS

	2011 £	2010 £
Subsidiary debt written off	(152,465)	1,156,428
Impairment of investment in subsidiary	-	456,069
Exceptional costs incurred	10,400	566,657
	<u>(142,065)</u>	<u>2,179,154</u>

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 9 TAXATION

	2011 £	2010 £
<b>Analysis of tax credit in the year</b>		
<b>Deferred tax (see note 17)</b>		
Origination and reversal of timing differences	-	(121,132)
<b>Tax on loss on ordinary activities</b>	-	(121,132)

### Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2010 - 21%)

### 10. INTANGIBLE FIXED ASSETS

	Development costs £	Goodwill £	Total £
<b>Cost</b>			
At 1 December 2010	-	-	-
Additions	256,057	30,000	286,057
At 30 November 2011	256,057	30,000	286,057
<b>Net book value</b>			
At 30 November 2011	256,057	30,000	286,057
At 30 November 2010	-	-	-

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Improv'ts to leasehold property £
<b>Cost or valuation</b>				
At 1 December 2010	3,000,000	2,419,857	77,740	21,151
Additions	-	79,159	17,000	-
Disposals	-	(250)	-	-
At 30 November 2011	3,000,000	2,498,766	94,740	21,151
<b>Depreciation</b>				
At 1 December 2010	15,000	2,068,480	57,152	7,069
Charge for the year	15,000	57,124	11,580	1,848
On disposals	-	(250)	-	-
At 30 November 2011	30,000	2,125,354	68,732	8,917
<b>Net book value</b>				
At 30 November 2011	2,970,000	373,412	26,008	12,234
At 30 November 2010	2,985,000	351,377	20,588	14,082
				Total £
<b>Cost or valuation</b>				
At 1 December 2010				5,518,748
Additions				96,159
Disposals				(250)
At 30 November 2011				5,614,657
<b>Depreciation</b>				
At 1 December 2010				2,147,701
Charge for the year				85,552
On disposals				(250)
At 30 November 2011				2,233,003
<b>Net book value</b>				
At 30 November 2011				3,381,654
At 30 November 2010				3,371,047

Included in freehold property is freehold land and moorings at a valuation of £2,250,000 (original cost £4,700) which is not depreciated



# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

Cost or valuation at 30 November 2011 is as follows

	Land and buildings £
<b>At cost</b>	1,484,879
<b>At valuation:</b>	
8 December 2011 on existing use basis	1,515,121
	<u>3,000,000</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2011 £	2010 £
Cost	1,484,879	1,484,879
Accumulated depreciation	(361,497)	(331,893)
	<u>1,123,382</u>	<u>1,152,986</u>

## 12. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 30 November 2010	<u>1,000</u>
<b>Net book value</b>	
At 30 November 2011	<u>1,000</u>
At 30 November 2010	<u>1,000</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Aquafibre International Limited	Ordinary shares	100 %

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 13 STOCKS

	2011 £	2010 £
Raw materials	337,224	338,837
Work in progress	305,381	164,718
Finished goods	49,000	-
	<u>691,605</u>	<u>503,555</u>

### 14. DEBTORS

	2011 £	2010 £
Trade debtors	271,970	427,229
Other debtors	94,296	95,147
Amounts recoverable on long term contracts	-	348,681
	<u>366,266</u>	<u>871,057</u>

### 15 CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	578,795	1,790,312
Payments received on account net of amounts recoverable on long term contracts	112,147	8,511
Trade creditors	170,235	144,053
Amounts owed to group undertakings	161,005	1,000
Social security and other taxes	91,932	115,660
Other creditors	143,763	66,996
Accruals and deferred income	79,474	330,858
	<u>1,337,351</u>	<u>2,457,390</u>

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 16 CREDITORS. Amounts falling due after more than one year

	2011 £	2010 £
Bank loans	1,284,316	-

Creditors include amounts not wholly repayable within 5 years as follows

	2011 £	2010 £
Repayable by instalments	877,579	-

The loan is repayable within 15 years from the date the first draw down. This took place in June 2011, therefore the loan is repayable by May 2026. Interest is charged on the loan at 3.79% above the banks sterling base rate.

Creditors of £1,863,111 (2010: £1,790,312) have been secured against the assets of the company.

### 17. DEFERRED TAXATION

	2011 £	2010 £
At beginning of year	-	121,132
Released during year	-	(121,132)
At end of year	-	-

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated Capital allowances	117,526	107,940
Tax Losses carried forward	(117,526)	(107,940)
Total	-	-

### 18. SHARE CAPITAL

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
58,210 Ordinary shares of £1 each	58,210	58,210

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 19 RESERVES

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 December 2010	445,376	1,832,014	4,211
Loss for the year			(98,805)
Transfer between Revaluation reserve and P/L account		14,604	(14,604)
At 30 November 2011	<u>445,376</u>	<u>1,846,618</u>	<u>(109,198)</u>

### 20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	2,339,811	4,400,226
Loss for the year	(98,805)	(2,060,415)
Closing shareholders' funds	<u>2,241,006</u>	<u>2,339,811</u>

### 21 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating (loss)/profit	(178,813)	49,195
Exceptional items	142,065	(1,723,085)
Amortisation of intangible fixed assets	-	5,000
Depreciation of tangible fixed assets	85,552	97,567
Profit on disposal of tangible fixed assets	(996)	(86,985)
Increase in stocks	(188,050)	(73,904)
Decrease/(increase) in debtors	304,204	(194,648)
Decrease in amounts owed by group undertakings	-	1,645,892
Increase in creditors	132,058	99,806
Increase in amounts owed to parent	160,005	1,000
Net cash inflow/(outflow) from operating activities	<u>456,025</u>	<u>(180,162)</u>

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(62,057)	(55,588)
Dividends received	-	4,000
	<u>(62,057)</u>	<u>(51,588)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(62,057)</u>	<u>(51,588)</u>
	2011 £	2010 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(286,057)	-
Purchase of tangible fixed assets	(96,159)	(21,414)
Sale of tangible fixed assets	998	98,374
Sale of unlisted and other investments	-	25,135
	<u>(381,218)</u>	<u>102,095</u>
<b>Net cash (outflow)/inflow from capital expenditure</b>	<u>(381,218)</u>	<u>102,095</u>
	2011 £	2010 £
<b>Financing</b>		
New secured loans	1,386,000	-
	<u>1,386,000</u>	<u>-</u>

### 23. ANALYSIS OF CHANGES IN NET DEBT

	1 December 2010 £	Cash flow £	Other non-cash changes £	30 November 2011 £
Cash at bank and in hand	50,542	85,549	-	136,091
Bank overdraft	(1,790,312)	1,313,201	-	(477,111)
	<u>(1,739,770)</u>	<u>1,398,750</u>	<u>-</u>	<u>(341,020)</u>
<b>Debt:</b>				
Debts due within one year	-	(1,386,000)	1,284,316	(101,684)
Debts falling due after more than one year	-	-	(1,284,316)	(1,284,316)
	<u>(1,739,770)</u>	<u>12,750</u>	<u>-</u>	<u>(1,727,020)</u>
<b>Net debt</b>	<u>(1,739,770)</u>	<u>12,750</u>	<u>-</u>	<u>(1,727,020)</u>

# BROOM BOATS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2011

### 24. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,455 (2010 - £14,638). Contributions totalling £Nil (2010 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

### 25. OPERATING LEASE COMMITMENTS

At 30 November 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
<b>Expiry date:</b>				
Between 2 and 5 years	-	-	21,500	21,500

### 26. RELATED PARTY TRANSACTIONS

During the year there were management fees of £260,000 (2010 - £30,000) charged to Broom Marine Group Limited (formerly Icen Associates Limited), the parent company. Shares held in HBNB Limited by the company were transferred during 2010 to Broom Marine Group Limited at cost of £25,135.

£160,004 (2010 £ NIL) was owed by Broom Boats Limited to this company at the year end.

A Chancellor, a director of the company, has given a personal guarantee of £300,000 as security to the company's bank. During the year Broom Boats Limited dealt with the brokerage on boats for A Chancellor, no commission was charged, however no interest has been charged on amounts due to A Chancellor.

The balance due to A Chancellor at the year end totals £101,950 (2010 £22,000).

C J Broom & Sons Limited, a former subsidiary of the company, went into liquidation during 2010, which resulted in the intercompany account of £1,156,428 and investment of £456,069 being written off during that year. Recharges between Broom Boats Limited and C J Broom & Sons Limited had been made throughout 2010. Sales to C J Broom & Sons Limited during 2010 totalled £59,210.

During 2010 the company was charged £100,000 by the liquidators of C J Broom & Sons Limited for a part finished boat. This was still outstanding at the year ended 30 November 2010. Broom Boats Limited were also charged £30,000 for the brokerage contracts within C J Broom & Sons which were taken over and £5,000 for materials. A final dividend was paid during 2011 by the liquidators of C J Broom & Sons Limited amounting to £157,787. No amounts were due at the year end.

During 2010 there were sales totalling £1,961 and £439 to Tilia Properties Limited and Tilia Foulsham Limited in which M Broom, a former director of the company, has a controlling interest. £516 was due from Tilia Foulsham Limited at the year ended 30 November 2010. Rent was paid to Tilia Properties Limited totalling £47,083 and repairs and insurance of £4,367. There was no balance outstanding at the year end.

£4,000 was received during 2010 from M Broom for two motor vehicles purchased from the company. £46,538.00 was charged to M Broom during that year for work done on his own boats. This amount was still outstanding at the year end.

**BROOM BOATS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 2011**

**27. CONTROLLING PARTY**

The ultimate parent company is Broom Marine Group Limited