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Company Registration No. (England and Wales)

NEWHAVEN WORKBOATS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998



NEWHAVEN WORKBOATS LIMITED

COMPANY INFORMATION

Director	S J Thomas
Secretary	Mrs P J Marchant
Company number	
Registered office	78 High Street Lewes East Sussex
Auditors	Knill James 78 High Street Lewes East Sussex
Business address	The Boatyard, Robinson Road Newhaven Sussex
Bankers	Barclays Bank plc The Old Bank High Street Lewes East Sussex

NEWHAVEN WORKBOATS LIMITED

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DIRECTOR'S REPORT
FOR THE YEAR ENDED 28 FEBRUARY 1998

The director presents his report and financial statements for the year ended 28 February 1998.

Principal activities

The principal activity of the company continued to be that of new boat building, repair and refurbishment of fishing vessels and other crafts, the sale of boats on its own account and on behalf of clients.

Director

The following director has held office since 1 March 1997:

S J Thomas

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	Ordinary shares of £1 each	
	28 February 1998	1 March 1997
S J Thomas	98	98

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Knill James be reappointed as auditors of the company will be put to the Annual General Meeting.

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is required to:

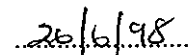
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board





NEWHAVEN WORKBOATS LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEWHAVEN WORKBOATS LIMITED

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the director and auditors

As described on page 1 the company's director is 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.

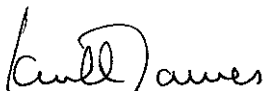
Basis of opinion

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 director 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 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Knill James

30 June 1998

Chartered Accountants
Registered Auditor

78 High Street
Lewes
East Sussex

NEWHAVEN WORKBOATS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 28 FEBRUARY 1998**

	Notes	1998 £	1997 £
Turnover		573,265	503,018
Cost of sales		(422,769)	(354,073)
Gross profit		150,496	148,945
Administrative expenses		(141,394)	(117,123)
Operating profit	2	9,102	31,822
Other interest receivable and similar income	3	1,041	964
Interest payable and similar charges		(1,403)	(1,948)
Profit on ordinary activities before taxation		8,740	30,838
Tax on profit on ordinary activities	4	(221)	(232)
Profit on ordinary activities after taxation	11	8,519	30,606

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

NEWHAVEN WORKBOATS LIMITED**BALANCE SHEET****AS AT 28 FEBRUARY 1998**

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	5		129,494		139,115
Investments	6		100		100
			<u>129,594</u>		<u>139,215</u>
Current assets					
Stocks		109,188		31,223	
Debtors	7	50,943		90,904	
Cash at bank and in hand		8,833		52,445	
		<u>168,964</u>		<u>174,572</u>	
Creditors: amounts falling due within one year	8	<u>(85,415)</u>		<u>(179,651)</u>	
Net current assets/(liabilities)			<u>83,549</u>		<u>(5,079)</u>
Total assets less current liabilities			<u>213,143</u>		<u>134,136</u>
Creditors: amounts falling due after more than one year	9		<u>(100,000)</u>		<u>(29,512)</u>
			<u>113,143</u>		<u>104,624</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		113,043		104,524
Shareholders' funds - equity interests	12		<u>113,143</u>		<u>104,624</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 26/6/98



.....
Director

.....
Director

NEWHAVEN WORKBOATS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Straight line over the life of the lease
Plant, machinery, fixtures and fittings	15% reducing balance
Computers	33% reducing balance
Motor vehicles	25% reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 28 FEBRUARY 1998**

2	Operating profit	1998	1997	
		£	£	
	Operating profit is stated after charging:			
	Depreciation of tangible assets	20,319	19,924	
	Operating lease rentals	24,812	26,934	
	Auditors' remuneration	3,500	3,750	
	Director's emoluments	-	9,000	
		<u> </u>	<u> </u>	
3	Other interest receivable and similar income	1998	1997	
		£	£	
	Bank interest	1,041	964	
		<u> </u>	<u> </u>	
4	Taxation	1998	1997	
		£	£	
	U.K. current year taxation			
	U.K. corporation tax at 21% (1997 - 24%)	221	232	
		<u> </u>	<u> </u>	
5	Tangible fixed assets			
		Land and buildings	Plant and machinery etc	Total
		£	£	£
	Cost			
	At 1 March 1997	52,500	148,145	200,645
	Additions	-	24,898	24,898
	Disposals	-	(14,200)	(14,200)
		<u> </u>	<u> </u>	<u> </u>
	At 28 February 1998	52,500	158,843	211,343
		<u> </u>	<u> </u>	<u> </u>
	Depreciation			
	At 1 March 1997	4,500	57,030	61,530
	Charge for the year	2,000	18,319	20,319
		<u> </u>	<u> </u>	<u> </u>
	At 28 February 1998	6,500	75,349	81,849
		<u> </u>	<u> </u>	<u> </u>
	Net book value			
	At 28 February 1998	46,000	83,494	129,494
		<u> </u>	<u> </u>	<u> </u>
	At 28 February 1997	48,000	91,115	139,115
		<u> </u>	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 28 FEBRUARY 1998**

6 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 March 1997 & at 28 February 1998	100

In the opinion of the director, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Lochin Marine International Ltd	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Lochin Marine International Ltd	(1,922)	(71)

7 Debtors	1998	1997
	£	£
Trade debtors	44,405	75,618
Amounts owed by group undertakings and undertakings in which the company has a participating interest	1,971	1,721
Other debtors	4,567	13,565
	<u>50,943</u>	<u>90,904</u>

NEWHAVEN WORKBOATS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998**

8	Creditors: amounts falling due within one year	1998	1997
		£	£
	Bank loans and overdrafts	19,231	70,769
	Trade creditors	27,423	79,857
	Taxation and social security	4,014	2,611
	Other creditors	34,747	26,414
		<u>85,415</u>	<u>179,651</u>
9	Creditors: amounts falling due after more than one year	1998	1997
		£	£
	Other creditors	<u>100,000</u>	<u>29,512</u>
	Analysis of loans		
	Wholly repayable within five years	<u>100,000</u>	<u>29,512</u>
	Loan maturity analysis		
	Between two and five years	40,000	-
	In five years or more	<u>60,000</u>	<u>29,512</u>
10	Share capital	1998	1997
		£	£
	Authorised		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
11	Statement of movements on profit and loss account		
			Profit and loss account £
	Balance at 1 March 1997		104,524
	Retained profit for the year		<u>8,519</u>
	Balance at 28 February 1998		<u>113,043</u>

NEWHAVEN WORKBOATS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 1998**

12 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit for the financial year	8,519	30,606
Opening shareholders' funds	104,624	74,018
	<hr/>	<hr/>
Closing shareholders' funds	113,143	104,624
	<hr/>	<hr/>

13 Financial commitments

At 28 February 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1998	1997
	£	£
Expiry date:		
Within one year	25,225	24,225
Between two and five years	100,900	100,900
In over five years	428,375	428,375
	<hr/>	<hr/>
	554,500	553,500
	<hr/>	<hr/>

14 Related party transactions

During the year sales of £414,828 (1997 = £319,622) were made to Lochin Marine Limited, which is a wholly owned subsidiary company of Newhaven Workboats Limited. The balance owing at the year end was £45,968 (1997 = £72,429).