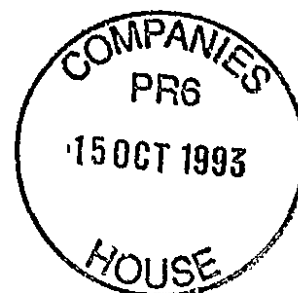


Pendennis Shipyard Limited

Directors' report and accounts

31 December 1992

Registered number 2281468



Pendennis Shipyard Limited

Directors' report and accounts

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Pendennis Shipyard Limited

Directors' report

The directors present their report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 1992.

Principal activity and business review

The principal activities of the company are the design and manufacture of luxury yachts and fitting out of medium sized yachts.

Results and dividends

The company made a loss for the financial year of £184,807. The directors recommended that no dividends be paid.

Ultimate holding company

The company's ultimate holding company throughout the year was Placeton Limited. On 21 May 1993 the company was acquired by members of its management team.

Directors and their interests

The directors who served during the year are as shown below:

Mr PJ de Savary (resigned 16 October 1992)
Mr M Carr (appointed 16 October 1992)
Mr H Wiekens (appointed 16 October 1992)

Messrs D Bentley and P Wood were appointed additional directors on 21 May 1993.

Fixed assets

Information relating to changes in tangible fixed assets is given in Note 8 to the accounts.

Statement of directors' responsibilities

Company law requires the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

Pendennis Shipyard Limited

Directors' report *(continued)*

Statement of directors' responsibilities *(continued)*

- 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 maintaining 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 1985. 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.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Secretary
Mike Carr

1 October 1993

Auditors' report to the members of Pendennis Shipyard Limited

We have audited the accounts on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 1 and 2 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 as at 31 December 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Peat Marwick
Chartered Accountants
Registered Auditors

1 October 1993

Pendennis Shipyard Limited

Profit and loss account for the year ended 31 December 1992

	Note	1992 £	1991 £
Turnover	2	2,402,273	5,248,143
Cost of sales		2,050,714	(4,650,009)
		<hr/>	<hr/>
Gross profit		351,559	598,134
Administrative expenses		(533,364)	(1,033,507)
		<hr/>	<hr/>
Operating loss		(181,805)	(435,373)
Interest payable	3	(25,124)	(1,766)
Other interest receivable and similar income		22,122	43,603
		<hr/>	<hr/>
Loss on ordinary activities before taxation	4	(184,807)	(393,536)
Taxation	7	-	20,190
		<hr/>	<hr/>
Loss on ordinary activities after taxation being the loss for the financial year		(184,807)	(373,346)
Accumulated deficit brought forward		(2,441,383)	(2,068,037)
		<hr/>	<hr/>
Accumulated deficit carried forward		(2,626,190)	(2,441,383)
		<hr/>	<hr/>

There were no acquisitions or discontinued operations within the company during 1992 and 1991.

The company has no recognised gains or losses in either 1992 or 1991 other than the loss for these periods.

The notes on pages 6 to 12 form part of these accounts.

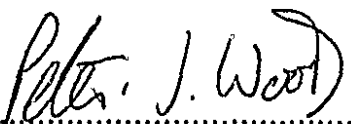
Pendennis Shipyard Limited

Balance sheet at 31 December 1992

	Note	1992 £	1991 £
Fixed assets			
Tangible assets	8	331,028	460,325
Current assets			
Stocks	9	94,613	27,851
Debtors	10	597,041	527,556
Cash at bank and in hand		61,607	147,361
		<u>753,261</u>	<u>702,768</u>
Creditors: Amounts falling due within one year	11	<u>(3,710,379)</u>	<u>(3,604,376)</u>
Net current liabilities		<u>(2,957,118)</u>	<u>(2,901,608)</u>
Total assets less current liabilities		<u>(2,626,090)</u>	<u>(2,441,283)</u>
Provision for liabilities and charges	12	-	-
Net liabilities		<u>(2,626,090)</u>	<u>(2,441,283)</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		<u>(2,626,190)</u>	<u>(2,441,383)</u>
		<u>(2,626,090)</u>	<u>(2,441,283)</u>

The notes on pages 6 to 12 form part of these accounts.

These accounts were approved by the board of directors on 1 October 1993
and were signed on its behalf by:


.....
Peter J Wood
Director

Pendennis Shipyard Limited

Notes

(forming part of the financial statements)

1 Principal accounting policies

a Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b Tangible fixed assets

All fixed assets are shown at cost. Depreciation is provided at rates calculated to write-off the cost of each asset less estimated residual value on a straight-line basis over its expected useful life as follows:

Leasehold improvements	15%
Plant and equipment	10 - 25%
Fixtures and fittings	10 - 20%

c Stocks

Stocks are stated at the lower of cost or net realisable value.

d Turnover and long term contracts

Turnover represents in the case of long-term contracts the proportion of contract value applicable to the activity in the year, ascertained by reference to the state of completion of each contract. The related costs are matched with this turnover, resulting in the reporting of attributable profit proportionate to the contract activity. Where the outcome of a contract cannot be foreseen with reasonable certainty but no loss is expected, turnover and costs are recorded as activity progresses using a zero estimate of profit.

Estimate of total contract costs and revenues are reviewed periodically, and the cumulative effects of changes are recognised in the period in which they are identified. All known or anticipated losses are provided for in full as soon as they are foreseen.

Net costs incurred in excess of amounts transferred to cost of sales are classified as long-term contract balances. Revenue recognised in excess of amounts billed are classified as amounts recoverable on contracts and included in debtors. Amounts billed in excess of revenues recognised to date are deducted from related long term contract balances with any residual balance being classified as payments on account and included in creditors. Long-term contract balances are stated at contract cost incurred less amounts transferred to cost of sales, foreseeable losses, and payments on account.

Pendennis Shipyard Limited

Notes (continued)

1 Principal accounting policies (continued)

e Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accountancy purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

f Foreign currency

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction, unless settlement has been covered by a forward exchange contract, in which case, the contract rate is used. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

2 Segment information

Analysis of turnover by geographical area and activity is as follows:

	1992 £
United Kingdom	120,699
Rest of World	2,281,574
	<hr/>
	2,402,273
	<hr/>

No comparative information was available for 1991.

3 Interest payable

	1992 £	1991 £
On bank overdrafts repayable within five years, not by instalments	25,124	1,766
	<hr/>	<hr/>

Pendennis Shipyard Limited

Notes (continued)

4 Loss on ordinary activities before taxation

	1992 £	1991 £
Loss on ordinary activities before taxation is stated after charging		
Directors' remuneration	11,863	-
Depreciation	108,632	109,635
Hire of plant and machinery	6,204	20,787
Auditors' remuneration	7,496	6,996
	<hr/>	<hr/>

The loss on ordinary activities is derived solely from continuing operations.

5 Directors' remuneration

	1992 £	1991 £
Paid in the year	11,863	-
	<hr/>	<hr/>

6 Staff costs

	1992 £	1991 £
Employee costs during the year amounts to		
Wages and salaries	767,352	1,429,595
Social security	70,801	133,321
Other pension costs	8,119	12,840
	<hr/>	<hr/>
	846,272	1,575,756
	<hr/>	<hr/>

The average weekly number of persons (including directors) employed by the company was as follows:

	Number 1992	Number 1991
Production	57	87
Administration	7	16
	<hr/>	<hr/>
	64	103
	<hr/>	<hr/>

All directors were paid by other group companies until 16 October 1992.

Pendennis Shipyard Limited

Notes (continued)

7 Taxation

	1992 £	1991 £
The tax credit is based on the loss for the year and comprises		
Deferred tax	-	20,190
	<u>-</u>	<u>20,190</u>

8 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 1992	124,178	596,219	208,383	928,780
Additions	11,640	14,283	-	25,923
Disposals	-	(257,354)	-	(257,354)
	<u>135,818</u>	<u>353,148</u>	<u>208,383</u>	<u>697,349</u>
At 31 December 1992				
Depreciation				
At 1 January 1992	58,530	330,074	79,851	468,455
Charge for year	18,815	48,140	41,677	108,632
On disposals	-	(210,766)	-	(210,766)
	<u>77,345</u>	<u>167,448</u>	<u>121,528</u>	<u>366,321</u>
At 31 December 1992				
Net book value				
At 31 December 1992	58,473	185,700	86,855	331,028
	<u>65,648</u>	<u>266,145</u>	<u>128,532</u>	<u>460,325</u>
At 31 December 1991				

Pendennis Shipyard Limited

Notes (continued)

9 Stocks

	1992 £	1991 £
Raw materials	32,638	27,851
Finished goods	61,975	-
	<hr/>	<hr/>
	94,613	27,851
	<hr/>	<hr/>

10 Debtors

	1992 £	1991 £
Amounts falling due within one year		
Trade debtors	508,827	86,388
Amounts recoverable on long term contracts	45,258	368,234
VAT recoverable	9,833	44,164
Prepayments and Accrued income	20,828	28,770
Other debtors	12,295	-
	<hr/>	<hr/>
	597,041	527,556
	<hr/>	<hr/>

11 Creditors

	1992 £	1991 £
Amounts falling due within one year		
Bank overdraft (secured)	209,339	138,965
Trade creditors	408,600	481,288
Amounts owed to group undertakings	2,462,284	2,419,153
Other creditors		
Social security and PAYE	18,286	52,454
Accruals and deferred income	70,830	149,800
Amounts paid in advance on long term contracts	508,241	172,176
Foreseeable loss provision	-	62,400
Other creditors	32,799	128,140
	<hr/>	<hr/>
	3,710,379	3,604,376
	<hr/>	<hr/>

The bank overdraft is secured over all assets of the company.

On 21 May 1993 amounts owing to group undertaking amounting to £2,495,068 together with part of the company's bank overdraft assumed by other members of the group amounting to £116,129 were converted into deferred shares.

Pendennis Shipyard Limited

Notes (continued)

12 Provisions for liabilities and charges

	1992 £	1991 £
Accelerated capital allowances	-	-

13 Called up share capital

	1992 £	1991 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

On 21 May 1993 the authorised and issued share capital of the company was increased to £2,711,197 by the addition thereto of £2,711,097 divided into 99,900 ordinary shares of £1 each and £2,611,197 deferred shares of £1 each.

14 Pension scheme

From 1 April 1990 until 31 March 1991 the Company participated in the A&P Appledore (Falmouth) section of The Shipbuilding Industries Pension Scheme ('SIPS'), which is administered by trustees and is separate from the Company finances, providing benefits based on final pensionable pay. Contributions to SIPS 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 triennial valuations using the Attained Age method. The most significant effect on the results of the valuation are those relating to the rate of increase in salaries and pensions. It was assumed that investment returns would be 9% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 3% per annum.

The most recent actuarial valuation of this section carried out at 1 April 1989 showed that the market value of the assets was £5,403,203 and that the actual value of those assets represented 118% of the benefits that had accrued to all members of this section. The contributions for the section as a whole have been set at 12.7% of pensionable pay in order to amortise the excess of the market value of the section's assets over the benefits accrued to all members, over the remaining service lives of employees.

From 1 April 1991 the company became an Independent Participating Employer with its own section of SIPS.

Pendennis Shipyard Limited

Notes *(continued)*

14 Pension scheme *(continued)*

The most recent actuarial valuation of this section carried out at 1 April 1992 showed the market value of the assets was £36,714 and that the actual value of those assets represented 115% of the benefits that had accrued to all members of this section. The contributions for the section as a whole have been set at 13.1% of pensionable pay in order to amortise the excess of the market value of the section's assets over the benefits accrued to all members, over the remaining service lives of employees.

The pension charge for the Company for the period to 31 December 1992 was £8,119 (1991: £12,840).

15 Ultimate holding company

The ultimate holding company throughout the year was Placeton Limited, registered in England and Wales. On 21 May 1993 Pendennis Shipyard Limited was acquired by members of its management team.