

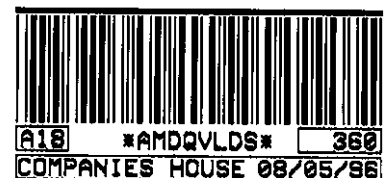
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# **Pendennis Shipyard (Holdings) Limited**

## **Directors' report and financial statements**

**31 December 1995**

Registered number 2281468



# Pendennis Shipyard (Holdings) Limited

## Directors' report and financial statements

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# Pendennis Shipyard (Holdings) Limited

## Directors' report

The directors present their report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 1995.

## 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.

On 31 December 1995 the company changed its name from Pendennis Shipyard Limited to Pendennis Shipyard (Holdings) Limited.

On 1 January 1996 the company transferred its trade and certain assets and liabilities to Pendennis Shipyard Limited which was incorporated as Cablechief Limited on 14 November 1994 and changed its name on 31 December 1995. Pendennis Shipyard Limited became a wholly owned subsidiary undertaking on 1 January 1996.

## Results and dividends

The company made a profit for the financial year after tax of £584,495. The directors recommend that no dividend be paid.

## Directors and their interests

The directors who served during the year and their interests in the ordinary and deferred share capital of the company were as follows:

	31 December 1995 and 1994	
	Ordinary	Deferred
Mr M Carr	30,000	783,359
Mr H Wiekens	30,000	783,359
Mr D Bentley	20,000	522,240
Mr P Wood	20,000	522,239
Mr M Jordan	-	-
Mr T Vernon	-	-
Mr AA Hill (appointed 20 October 1995)	-	-

## Fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements.

## Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Robinson Reed Layton as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
Secretary

Mr AA Hill

The Docks  
FALMOUTH  
Cornwall

29 April 1996

# Pendennis Shipyard (Holdings) Limited

## 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 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;
- 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Auditors' report to the members of Pendennis Shipyard (Holdings) Limited

We have audited the financial statements on pages 4 to 18.

### *Respective responsibilities of directors and auditors*

As described on page 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 at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Robinson Reed Layton**  
*Chartered Accountants*  
*Registered Auditors*

29 April 1996

Peat House  
Newham Road  
TRURO  
TR1 2DP

# Pendennis Shipyard (Holdings) Limited

## Profit and loss account

for the year ended 31 December 1995

	<i>Note</i>	<b>1995</b> £	<b>1994</b> £
<b>Turnover</b>	<b>2</b>	<b>9,693,407</b>	<b>5,636,597</b>
<b>Cost of sales</b>		<b>(7,946,619)</b>	<b>(4,465,357)</b>
<b>Gross profit</b>		<b>1,746,788</b>	<b>1,171,240</b>
Administrative expenses		(1,246,377)	(1,000,426)
Other operating income	<b>15</b>	<b>120,000</b>	<b>120,000</b>
<b>Operating profit</b>		<b>620,411</b>	<b>290,814</b>
Profit on disposal of fixed assets	<b>3</b>	-	669,404
Amounts provided against investments	<b>3</b>	-	(110,000)
<b>Profit on ordinary activities before interest</b>		<b>620,411</b>	<b>850,218</b>
Interest receivable and similar income		550	5,938
Interest payable and similar charges	<b>4</b>	(34,844)	(1,500)
<b>Profit on ordinary activities before taxation</b>	<b>5</b>	<b>586,117</b>	<b>854,656</b>
Taxation	<b>8</b>	(1,622)	(2,209)
<b>Profit on ordinary activities after taxation being the profit for the financial year</b>		<b>584,495</b>	<b>852,447</b>
Accumulated deficit brought forward		(1,835,995)	(2,688,442)
<b>Accumulated deficit carried forward</b>		<b>(1,251,500)</b>	<b>(1,835,995)</b>

The above results relate to discontinued operations which were transferred to a subsidiary undertaking on 1 January 1996.

There were no acquisitions within the company during 1995 and 1994.

The company has no recognised gains or losses in either 1995 or 1994 other than those passing through the profit and loss account.

# Pendennis Shipyard (Holdings) Limited

## Balance sheet at 31 December 1995

	Note	£	1995 £	£	1994 £
<b>Fixed assets</b>					
Tangible assets	9		2,408,056		894,780
Investments	10		-		-
<b>Current assets</b>					
Stocks	11	72,880		69,410	
Debtors	12	1,422,990		1,759,867	
Cash at bank and in hand		3,940		183,612	
			<u>1,499,810</u>	<u>2,012,889</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,698,633)</u>		<u>(1,910,550)</u>	
<b>Net current (liabilities)/assets</b>			<u>(198,823)</u>		<u>102,339</u>
<b>Total assets less current liabilities</b>			<u>2,209,233</u>		<u>997,119</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(709,536)		(31,917)
<b>Accruals and deferred income</b>	15		<u>(40,000)</u>		<u>(90,000)</u>
<b>Net assets</b>			<u>1,459,697</u>		<u>875,202</u>
<b>Capital and reserves</b>					
Called up share capital	16		2,711,197		2,711,197
Profit and loss account			<u>(1,251,500)</u>		<u>(1,835,995)</u>
<b>Shareholders' funds</b>	17,18		<u>1,459,697</u>		<u>875,202</u>

These financial statements were approved by the board of directors on 29 APRIL 1996 and were signed on its behalf by:

Mr PJ Wood  
Director

*Peter J. Wood*

# Pendennis Shipyard (Holdings) Limited

## Cash flow statement

for the year ended 31 December 1995

	Note	£	1995 £	£	1994 £
Net cash inflow/(outflow) from operating activities	22		714,159		(619,806)
Return on investments and servicing of finance					
Interest received		550		5,938	
Interest paid		(34,908)		(1,335)	
Net cash (outflow)/inflow from returns on investment and servicing of finance			(34,358)		4,603
Taxation					
UK corporation tax paid		-		2,209	
Tax paid			-		(2,209)
Investing activities					
Purchase of fixed assets		(1,538,250)		(551,157)	
Sale of tangible fixed assets		7,192		999,177	
Net cash (outflow)/inflow from investing activities			(1,531,058)		448,020
Net cash outflow before financing			(851,257)		(169,392)
Financing					
Capital element of payments made under lease purchase agreements		(19,969)		(7,108)	
Bank loans		660,000		-	
Repayment of bank loan		(3,916)		-	
Regional Selective Assistance grant received	24	636,115		(7,108)	
		70,000		-	
Net cash inflow/(outflow) from financing			706,115		7,108
Decrease in cash and cash equivalents	23		(145,142)		(176,500)



# Pendennis Shipyard (Holdings) Limited

## Notes

*(forming part of the financial statements)*

### 1 Principal accounting policies

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention.

#### *Tangible fixed assets and depreciation*

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:

Short term leasehold improvements	20%
Long term leasehold property	2%
Plant and equipment	10 - 25%
Fixtures and fittings	10 - 33%

No depreciation is charged on leasehold land. The period of lease is 996 years from 21 May 1993.

Assets in the course of construction represents the capital cost of separately identifiable assets which are incomplete at the year end. On completion the costs incurred will be analysed into the appropriate class of asset and depreciation charged accordingly.

#### *Stocks*

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

#### *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 long term contract 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 (Holdings) Limited

## Notes (continued)

### 1 Principal accounting policies (continued)

#### *Pensions*

Contributions to the company's pension scheme providing benefit based on final pensionable pay are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. For the company's defined contribution scheme, contributions are charged to the profit and loss account as they become payable.

#### *Government grants*

Government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over a period of three years.

#### *Leases*

Where an asset is acquired under a lease which entails taking substantially all the risks and rewards of ownership it is recorded in the balance sheet as a tangible asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *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 accounting 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.

#### *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 Analysis of turnover

Analysis of turnover by geographical area is as follows:

	1995 £	1994 £
United Kingdom	3,829,410	496,579
Rest of World	5,863,997	5,140,018
	<hr/> 9,693,407	<hr/> 5,636,597

All turnover is derived from the company's principal activities.

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 3 Exceptional items

On 26 October 1994 a fire severely damaged the company's premises and the yachts being worked on at the time. As a result the following exceptional amounts are included in the profit and loss account.

		1995 £	1994 £
Charge to operating profit	-	-	(58,650)
	-	-	(30,000)
		<hr/>	<hr/>
		-	(88,650)
Profit on disposal of fixed assets		-	594,404
Amounts provided against investments		-	110,000
		<hr/>	<hr/>
The company also sold land and buildings during the year and made a profit on the disposal		-	75,000
		<hr/>	<hr/>

### 4 Interest payable and similar charges

	1995 £	1994 £
On bank loans and overdraft	30,365	720
On lease purchase agreements	4,479	780
	<hr/>	<hr/>
	34,844	1,500
	<hr/>	<hr/>

### 5 Profit on ordinary activities before taxation

	1995 £	1994 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Directors' emoluments (see note 6)		
Salary and benefits	190,929	160,875
Pension contributions	16,957	10,420
Depreciation	103,834	89,077
(Profit)/loss on disposal of fixed assets	(6,052)	4,315
Hire of plant and machinery	29,057	21,281
Auditors' remuneration	8,375	6,100
	<hr/>	<hr/>

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 6 Directors' remuneration

Directors received emoluments (excluding pension contributions) in the following ranges:

		1995 Nos	1994 Nos
£ 0	- £ 5,000	1	2
£ 5,001	- £10,000	2	-
£35,001	- £40,000	-	4
£40,001	- £45,000	2	-
£45,001	- £50,000	2	-

The directors' emoluments shown above included:

	1995 £	1994 £
Chairman	5,901	5,000
Highest paid director	49,132	38,217
	<hr/>	<hr/>

### 7 Staff numbers and costs

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

	1995	1994
Production	131	96
Administration	25	21
	<hr/>	<hr/>
	156	117
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	2,294,069	1,576,056
Social security	215,428	147,618
Other pension costs	23,754	16,662
	<hr/>	<hr/>
	2,533,251	1,740,336
	<hr/>	<hr/>

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 8 Taxation

	1995 £	1994 £
UK corporation tax at 25% (1994:25%)	1,622	2,209

The company has tax losses of approximately £1,000,000 to carry forward and offset against profits from the same trade.

### 9 Tangible fixed assets

	Assets in the course of construction £	Short term leasehold improvements £	Long term leasehold property £	Plant and equipment £	Fixtures and fittings £	Total £
<i>Cost</i>						
At 1 January 1995	179,400	20,755	509,913	266,266	175,031	1,151,365
Additions	-	86	1,224,215	364,671	29,278	1,618,250
Disposals	-	-	-	(5,200)	-	(5,200)
Transfer	(179,400)	-	179,400	-	-	-
At 31 December 1995	-	20,841	1,913,528	625,737	204,309	2,764,415
<i>Depreciation</i>						
At 1 January 1995	-	2,314	41,760	71,903	140,608	256,585
Charge for year	-	4,168	22,298	57,793	19,575	103,834
Disposals	-	-	-	(4,060)	-	(4,060)
At 31 December 1995	-	6,482	64,058	125,636	160,183	356,359
<i>Net book value</i>						
At 31 December 1995	-	14,359	1,849,470	500,101	44,126	2,408,056
At 31 December 1994	179,400	18,441	468,153	194,363	34,423	894,780

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 9 Tangible fixed assets (continued)

The net book value of plant and equipment includes £146,704 (1994 : £43,744) in respect of assets held under lease purchase agreements. Depreciation for the year on these assets was £22,125 (1994 : £5,087).

### 10 Fixed asset investments

	Related company shares £	Loans £	Total £
<i>Cost</i>			
At beginning of year	83,333	26,667	110,000
At end of year	83,333	26,667	110,000
<i>Provisions</i>			
At beginning of year	83,333	26,667	110,000
At end of year	83,333	26,667	110,000
<i>Net book value</i>			
At 31 December 1995	-	-	-

The shares represent 25% of the ordinary share capital of Magrathea (Pendennis) Limited, a company registered in England and Wales, incorporated in the United Kingdom. The company was established to manufacture composite yachts and components. The company went into liquidation on 22 November 1995.

### 11 Stocks

	1995 £	1994 £
Raw materials	32,880	19,410
Finished goods	40,000	50,000
	<u>72,880</u>	<u>69,410</u>

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 12 Debtors

	1995 £	1994 £
<i>Amounts falling due within one year</i>		
Trade debtors	507,276	212,485
Amounts recoverable on long term contracts	601,385	357,488
VAT recoverable	117,706	120,715
Other debtors	8,789	873,972
Prepayments and accrued income	53,414	40,855
	<hr/>	<hr/>
	1,288,570	1,605,515
<i>Amounts falling due after more than one year</i>		
Amounts recoverable on long term contracts	134,420	154,352
	<hr/>	<hr/>
	1,422,990	1,759,867
	<hr/>	<hr/>

### 13 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	51,807	86,337
Bank loans (see note 14)	22,496	-
Obligations under lease purchase agreements (see note 14)	27,969	11,969
Long term contracts payments on account	523,930	758,253
Trade creditors	827,739	816,415
Corporation tax	1,622	-
Other creditors		
Social security and PAYE	74,231	55,547
Other	35,483	43,512
Accruals and deferred income	133,356	138,517
	<hr/>	<hr/>
	1,698,633	1,910,550
	<hr/>	<hr/>

The bank overdraft and loan are secured by a charge over all assets of the company.

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 14 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Bank loans	633,588	-
Obligations under lease purchase agreements (payable in second to fifth years inclusive)	75,948	31,917
	<u>709,536</u>	<u>31,917</u>

The bank loans are repayable by monthly instalments as follows:

	1995 £	1994 £
Within one year	22,496	-
Between two and five years	201,794	-
After five years	431,794	-
	<u>656,084</u>	<u>-</u>

The bank loans are secured by a charge over all assets of the company and interest is charged at rates of 10.5% to 10.75% per annum.

Obligations under lease purchase agreement are secured on the assets to which they relate.

### 15 Accruals and deferred income

	1995 £	1994 £
<i>Regional Selective Assistance</i>		
Balance at 1 January 1995	90,000	210,000
Received in year	70,000	-
Released to profit and loss account	(120,000)	(120,000)
	<u>40,000</u>	<u>90,000</u>
Balance at 31 December 1995		



# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 16 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100,000	100,000
2,611,197 deferred shares of £1 each	2,611,197	2,611,197
	<hr/>	<hr/>
	2,711,197	2,711,197
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100,000	100,000
2,611,197 deferred shares of £1 each	2,611,197	2,611,197
	<hr/>	<hr/>
	2,711,197	2,711,197
	<hr/>	<hr/>

### 17 Reconciliation of movements on shareholders' funds

	1995 £	1994 £
Profit for financial year	584,495	852,447
Opening shareholders' funds	875,202	22,755
	<hr/>	<hr/>
Closing shareholders' funds	1,459,697	875,202
	<hr/>	<hr/>

### 18 Analysis of shareholders' funds

	1995 £	1994 £
Equity interest	(1,151,500)	(1,735,995)
Non-equity interests	2,611,197	2,611,197
	<hr/>	<hr/>
	1,459,697	875,202
	<hr/>	<hr/>

Holders of deferred shares have no voting rights or rights to dividends. They rank immediately after ordinary shareholders in the event of a winding up.

# Pendennis Shipyard (Holdings) Limited

## Notes (continued)

### 19 Pension schemes

The company operates two pension schemes.

- (i) The company is an Independent Participating Employer with its own 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 4.5% per annum.

The most recent actuarial valuation of this section carried out at 1 April 1995 showed the market value of the assets was £81,190 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 1995 was £9,457 (1994 : £8,620).

Contributions amounting to £878 (1994 : £813) were payable to the fund and are included in creditors.

- (ii) The company also operates a defined contribution pension scheme. The pension charge for the company for the period to 31 December 1995 was £14,297 (1994 : £8,042).

Contributions amounting to £19,508 (1994 : £12,550) were payable to the fund and are included in creditors.

### 20 Contingent liability

The company received Regional Selective Assistance amounting to £280,000 in 1993 and £70,000 in this year. These grants are repayable in certain circumstances. In accordance with the company's policy for accounting for such grants £40,000 (1994:£90,000) is included in accruals and deferred income (note 15).

### 21 Capital commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made.

	1995	1994
	£	£
Authorised but not contracted	39,000	1,200,000
Contracted but not provided	48,847	-

# Pendennis Shipyard (Holdings) Limited

## 21 Capital commitments (*continued*)

- (ii) The company has annual commitments under non-cancellable operating leases for plant and machinery expiring as follows:

	1995 £	1994 £
<i>After five years</i>	<u>1,399</u>	<u>1,399</u>

## 22 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1995 £	1994 £
Operating profit	620,411	290,814
Depreciation charge	103,834	89,077
(Profit)/loss on sale of tangible fixed assets	(6,052)	4,315
(Increase)/decrease in stocks	(3,470)	22,005
Decrease/(increase) in debtors	336,877	(1,466,650)
(Decrease)/increase in creditors	<u>(337,441)</u>	<u>440,633</u>
Net cash inflow/(outflow) from operating activities	<u>714,159</u>	<u>(619,806)</u>

## 23 Analysis of changes in cash and cash equivalents

	Cash £	Overdraft £	Net £
Balance at 31 December 1993	273,775	-	273,775
Net cash outflow	<u>(90,163)</u>	<u>(86,337)</u>	<u>(176,500)</u>
Balance at 31 December 1994	183,612	(86,337)	97,275
Net cash (outflow)/inflow	<u>(179,672)</u>	<u>34,530</u>	<u>(145,142)</u>
Balance at 31 December 1995	<u>3,940</u>	<u>(51,807)</u>	<u>(47,867)</u>

# Pendennis Shipyard (Holdings) Limited

## 24 Analysis of changes in financing during the year

	Share capital £	Bank Loans and lease purchase agreements £
Balance at 31 December 1994	2,711,197	43,886
Inception of lease purchase agreements	-	80,000
Cash inflow from financing	-	636,115
	<hr/>	<hr/>
Balance at 31 December 1995	<u>2,711,197</u>	<u>760,001</u>

## 25 Post balance sheet event

On 1 January 1996 the company transferred its trade and certain assets and liabilities to a subsidiary undertaking.