

BAINBRIDGE INTERNATIONAL LIMITED

**Financial Statements
31 December 2000**



BAINBRIDGE INTERNATIONAL LIMITED

Financial Statements for the year ended 31 December 2000

Contents	Page
Directors' Report	1-2
Auditors' Report	3
Profit and loss account	4
Balance Sheet	5
Cash flow statement	6
Notes to the financial statements	7-14

BAINBRIDGE INTERNATIONAL LIMITED

Directors, Officers and Advisers

Directors

J D Short
A Baldacchino
M Jordan

Secretary

M Jordan

Company Number

2354253

Auditors

Chantrey Vellacott DFK
Chartered Accountants
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Registered Office

Russell Square House
10-12 Russell Square
London
WC1B 5LF

BAINBRIDGE INTERNATIONAL LIMITED

Directors' Report for the year ended 31 December 2000

The directors present their report, together with the audited financial statements of the company, for the year ended 31 December 2000.

Results and dividends

The results for the year are shown on page 4 of the financial statements.

The directors do not recommend a dividend for the year.

Principal activity and business review

The principal activity of the company is that of the manufacture and marketing of boat fittings and distributors of sailcloth.

The principal activities of the company's subsidiary undertaking is printing and publishing.

The directors are satisfied with the company's progress and look forward to a successful year.

Events since the year end

There have been no events since the year end which have had a material affect on the position of the company.

Directors

The directors who served during the year were as follows:

J D Short
D J Meek (removed 18 January 2000)
A Baldacchino
M Jordan

J D Short has a beneficial interest in 20% of the equity share capital of the parent company via a family trust. No other director had any interest in the company's or the parent company's share capital during the period.

BAINBRIDGE INTERNATIONAL LIMITED

Directors' Report for the year ended 31 December 2000

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 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

A resolution to reappoint Chantrey Vellacott DFK as auditors of the company will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors on 11 April 2001
and signed on their behalf by:



M JORDAN
Director

BAINBRIDGE INTERNATIONAL LIMITED

Independent Auditors' Report to the Shareholders of Bainbridge International Limited

We have audited the financial statements of Bainbridge International Limited for the year ended 31 December 2000 which are set out on pages 4 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

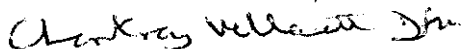
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHANTREY VELLACOTT DFK

Chartered Accountants
Registered Auditors
Russell Square House
10-12 Russell Square
London WC1B 5LF

11 April 2001

BAINBRIDGE INTERNATIONAL LIMITED

Profit and loss account for the year ended 31 December 2000

	Notes	2000 (12 months) £	1999 (16 months) £
Turnover	2	7,486,719	8,267,410
Cost of sales		5,402,421	5,858,441
Gross profit		2,084,298	2,408,969
Administrative expenses		1,939,405	2,203,654
Operating profit		144,893	205,315
Interest payable and similar charges	3	136,596	224,774
Profit (loss) on ordinary activities before taxation	4	8,297	(19,459)
Taxation	7	-	-
Profit (loss) for the financial period		8,297	(19,459)
Retained profit brought forward		42,679	62,138
Retained profit carried forward		50,976	42,679

None of the company's activities was acquired or discontinued during the above two financial periods.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results shown above and their historical cost equivalents.

The notes on pages 7 to 14 form part of these financial statements.

BAINBRIDGE INTERNATIONAL LIMITED

Balance sheet as at 31 December 2000

	Notes	31 December 2000 £	31 December 1999 £
Fixed assets			
Intangible assets	8	3,081	2,543
Tangible assets	9	113,692	222,034
Investments	10	1	1
		<u>116,774</u>	<u>224,578</u>
Current assets			
Stocks	11	2,301,266	1,791,057
Debtors	12	1,144,695	1,317,034
Cash at bank and in hand		20,272	11,166
		<u>3,466,233</u>	<u>3,119,257</u>
Creditors: amounts falling due within one year	13	<u>2,681,731</u>	<u>2,404,740</u>
Net current assets		<u>784,502</u>	<u>714,517</u>
Total assets less current liabilities		<u>901,276</u>	<u>939,095</u>
Creditors: amounts falling due after more than one year	14	<u>-</u>	<u>46,116</u>
		<u>901,276</u>	<u>892,979</u>
Capital and Reserves			
Called up share capital	15	850,300	850,300
Profit and loss account		50,976	42,679
Shareholders' funds	16	<u>901,276</u>	<u>892,979</u>

Approved by the Board of Directors on 11 April 2001
and signed on its behalf by:



J D SHORT



M JORDAN

The notes on pages 7 to 14 form part of these financial statements.

BAINBRIDGE INTERNATIONAL LIMITED

Cash flow statement

For the year ended 31 December 2000

	Notes	2000 (12 months) £	1999 (16 months) £
Operating activities			
Net cash outflow inflow from operating activities	17(a)	29,830	(68,189)
Returns on investments and servicing of finance			
Interest paid		(159,105)	(224,774)
Net cash outflow from returns on investments and servicing of finance		(159,105)	(224,774)
		(129,275)	(292,963)
Taxation			
Corporation tax paid		-	-
		(129,275)	(292,963)
Capital expenditure			
Payments to acquire fixed assets		(26,955)	(75,211)
Receipts from sale of fixed assets		58,602	17,472
Net cash inflow (outflow) from capital expenditure		31,647	(57,739)
Net cash flow before financing		(97,628)	(350,702)
Financing			
Changes in financing	17(d)	79,817	441,112
(Decrease) increase in cash	17(b) & 17(c)	(17,811)	90,410

The notes on pages 7 to 14 form part of these financial statements.

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting and are prepared in accordance with applicable accounting standards.

The financial statements present information of the company as an individual undertaking. The company is not required to prepare group financial statements as the group qualifies as medium-sized under Section 249 of the Companies Act 1985.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, to write off the cost, less estimated residual value, of each asset over its expected useful life at the following rates:

Motor vehicles	: 25% reducing balance
Plant and equipment	: 10% straight line
Computer equipment	: 20% straight line
Office equipment	: 10% reducing balance
Computer development	: 25% straight line

Amortisation

Goodwill is amortised over 20 years from its original capitalisation by the predecessor business during the accounting year ended 31 December 1985, in order to write off the cost over the expected economic life.

Trademarks are amortised over 10 years, in order to write off the cost over the expected economic life.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements, to the extent that it is probable that a liability or asset will crystallise. The rate of tax used is that which is expected to be applied when the liability or asset is expected to crystallise.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the year end. All other gains and losses on exchange are dealt with in the profit and loss account.

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

1. Accounting policies

Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated. The outstanding liabilities under such agreements, less interest not yet due, are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to profit and loss account as they fall due.

Pensions

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account as they become payable. There were no outstanding contributions at the period end (1999 - nil).

2. Turnover

Turnover represents the amounts receivable for goods sold during the period, exclusive of VAT.

No analysis of turnover according to geographic market is disclosed because, in the opinion of the directors, disclosure would be seriously prejudicial to the interests of the company.

3. Interest payable and similar charges

	2000	1999 (16 months)
	£	£
On bank loan, bank overdraft and other loans		
- repayable within 5 years	129,067	169,898
Intercompany interest	-	43,951
Finance lease interest	7,529	10,925
	<u>136,596</u>	<u>224,774</u>

4. Profit (loss) on ordinary activities before taxation

	2000	1999 (16 months)
	£	£
This is stated after charging:		
Directors' emoluments (note 5)	105,232	133,092
Amortisation	616	668
Depreciation	60,902	107,573
Loss on sale of tangible assets	14,639	3,447
Auditors' remuneration	13,325	13,000
	<u>194,714</u>	<u>357,780</u>

5. Directors' emoluments

	2000	1999 (16 months)
	£	£
Directors' remuneration		
Emoluments	100,907	128,145
Pension contributions	4,325	4,947
	<u>105,232</u>	<u>133,092</u>

Pension contributions were paid in respect of 2 directors (1999 : 2).

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

5. Directors' emoluments

Parkwood Management Ltd, a company in which Mr. J D Short is and Mr. D J Meek was a director, received fees amounting to £85,062 (1999 : £140,000) in respect of management consultancy services.

6. Staff costs and employees

	2000 £	1999 £ (16 months)
Wages and salaries	702,968	926,135
Social security costs	74,117	80,512
Other pension costs	17,566	18,750
	<u>794,651</u>	<u>1,025,397</u>

The average weekly number of employees during the year was:

	Number	Number
Office and management	11	9
Manufacturing, sales and distribution	26	27
	<u>37</u>	<u>36</u>

7. Taxation

	2000 £	1999 £ (16 months)
UK corporation tax at 20%	-	-

8. Intangible assets

	Trademarks £	Goodwill £	Total £
Goodwill			
Cost:			
1 January 2000	-	7,885	7,885
Additions	1,154	-	1,154
31 December 2000	<u>1,154</u>	<u>7,885</u>	<u>9,039</u>
Amortisation:			
1 January 2000	-	5,342	5,342
Charge for period	115	501	616
31 December 2000	<u>115</u>	<u>5,843</u>	<u>5,958</u>
Net book value:			
31 December 2000	<u>1,039</u>	<u>2,042</u>	<u>3,081</u>
31 December 1999	<u>-</u>	<u>2,543</u>	<u>2,543</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

9. Tangible fixed assets

	Motor vehicles £	Plant and equipment £	Computer equipment £	Office equipment £	Computer development £	Total £
Cost:						
1 January 2000	156,221	115,082	97,604	40,139	97,328	506,374
Additions	-	4,130	16,870	4,801	-	25,801
Disposals	(156,221)	-	-	-	-	(156,221)
31 December 2000	-	119,212	114,474	44,940	97,328	375,954
Depreciation:						
1 January 2000	76,377	66,850	60,933	12,595	67,585	284,340
Charge for period	6,603	11,577	21,020	2,979	18,723	60,902
Disposals	(82,980)	-	-	-	-	(82,980)
31 December 2000	-	78,427	81,953	15,574	86,308	262,262
Net book value:						
31 December 2000	-	40,785	32,521	29,366	11,020	113,692
31 December 1999	79,844	48,232	36,671	27,544	29,743	222,034

Included within fixed assets are assets held under hire purchase contracts as follows:

	2000		1999	
	Plant and equipment £	Motor vehicles £	Plant and equipment £	Motor vehicles £
Net book value	-	-	25,511	61,425
Depreciation provided during the period	3,350	6,603	3,350	22,651

10. Investments

	Shares in subsidiary undertaking £
Cost:	
31 December 1999 and 31 December 2000	1

At 31 December 2000 the company has the following subsidiary undertaking, which is incorporated in Great Britain and registered in England and Wales.

	Capital and reserves £	Profit for the financial year £	Group interest in ordinary shares £
Copymatch Limited	35,128	3,001	100%

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

11.	Stocks	2000 £	1999 £
	Finished goods	1,744,093	1,586,652
	Work in progress	146,247	80,807
	Raw materials	410,926	123,598
		<u>2,301,266</u>	<u>1,791,057</u>
12.	Debtors	2000 £	1999 £
	Trade debtors	927,820	778,893
	Amounts owed by related undertakings	17,127	305,495
	Amounts owed by group undertakings	-	76,003
	Other debtors	75,547	36,350
	Prepayments and accrued income	124,201	120,293
		<u>1,144,695</u>	<u>1,317,034</u>
13.	Creditors: amounts falling due within one year	2000 £	1999 £
	Bank overdraft	38,973	12,056
	Bank loans	1,507,302	1,389,266
	Obligations under hire purchase contracts	-	24,778
	Trade creditors	726,400	706,730
	Corporation tax	-	-
	Amount owed to group undertakings	261,798	78,860
	Other taxation and social security	23,199	40,434
	Accruals and deferred income	124,059	152,616
		<u>2,681,731</u>	<u>2,404,740</u>

The bank loans and overdraft are secured by fixed and floating charges over the assets of the company.

14.	Creditors: amounts falling due after more than one year	2000 £	1999 £
	Obligations under hire purchase contracts	-	13,441
	Amounts owed to related undertakings	-	-
	Amount owed to group undertakings	-	32,675
		<u>-</u>	<u>46,116</u>

The above creditors are payable:

	Between one and two years	-	43,972
	Between two and five years	-	2,144
		<u>-</u>	<u>46,116</u>

All hire purchase agreements were settled during the year.

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

15.	Called up share capital	2000	1999		
		£	£		
	Authorised:				
	1,000,000 (1999 : 1,000,000) ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>		
	Allotted, issued and fully paid:				
	31 December 1999 – 850,300 ordinary shares of £1 each	850,300	300		
	Issued in period	-	850,000		
	31 December 2000 - 850,000 ordinary shares of £1 each	<u>850,300</u>	<u>850,300</u>		
16.	Reconciliation of movement in equity shareholders' funds	2000	1999		
		£	£		
	Profit (loss) for the year	8,297	(19,459)		
	Issue of share capital	-	850,000		
	Opening shareholders' funds	<u>892,979</u>	<u>62,438</u>		
	Closing shareholders' funds	<u>901,276</u>	<u>892,979</u>		
17.	a) Reconciliation of operating profit to net cash inflow (outflow) from operating activities	2000	1999		
		£	£		
	Operating profit	144,893	205,315		
	Loss on disposal of tangible assets	14,639	3,447		
	Amortisation	616	668		
	Depreciation	60,902	107,573		
	Increase in stocks	(510,209)	(732,214)		
	Decrease in debtors	172,339	321,433		
	Increase in creditors	141,650	25,589		
		<u>29,830</u>	<u>(68,189)</u>		
	b) Analysis of net debt				
		31 December 1999	Cashflow	Other non-cash changes	31 December 2000
		£	£	£	£
	Cash at bank and in hand	11,166	9,106		20,272
	Bank overdraft	(12,056)	(26,917)		(38,973)
		(890)	(17,811)		(18,701)
	Debt due within one year	(1,389,266)	(118,036)	-	(1,507,302)
	Hire purchase obligations	(38,219)	38,219	-	-
		<u>(1,428,375)</u>	<u>(97,628)</u>	<u>-</u>	<u>(1,526,003)</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

17.	c)	Reconciliation of net cash flow to movement in net debt	2000	1999
			£	£
		(Decrease) increase in cash	(17,811)	90,410
		Cash inflow from new loans	(1,507,302)	(239,266)
		Repayment of loans	1,389,266	625,000
		Repayment of capital element of HP loans - in new loans	38,219	23,154
		Movement in net debt	(97,628)	436,798
		Net debt at 31 December 1999	(1,428,375)	(1,927,673)
		Net debt at 31 December 2000	(1,526,003)	(1,428,375)
	d)	Financing	2000	1999
			£	£
		Issue of share capital	-	850,000
		New loans due within one year	1,507,302	239,266
		Repayment of loans	(1,389,266)	(625,000)
		Repayment of HP contracts	(38,219)	(23,154)
			79,817	441,112

18. Guarantees and other financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Motor vehicles		Land and buildings	
	2000	1999	2000	1999
	£	£	£	£
Contracts expiring:				
Within one year	15,633	-	-	-
Within two to five years	40,282	-	41,140	41,140
After five years	-	-	92,000	92,000
	<u>55,915</u>	<u>-</u>	<u>133,140</u>	<u>133,140</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2000

19. Directors' interest in contracts

The company is a wholly owned subsidiary of Bainbridge International Inc and is related to that company and its fellow subsidiaries.

		Sales £
Bainbridge International Inc	(incorporated in USA)	760,567
Bainbridge International Sarl	(incorporated in France)	1,390,270
Bainbridge International Pty	(incorporated in Australia)	164,021

The company traded with these related parties at arms length and in the ordinary course of business. The year end balances with them are shown in notes 12 to 14.

Mr J D Short is and Mr D J Meek was a director of Parkwood Management Ltd and hold 76% and nil% respectively of that company's share capital. Parkwood Management Ltd have recharged expenses at cost and management fees as shown in note 5. The amount due from Parkwood Management Limited at 31 December 2000 was £17,727 (1999 : £305,495) and is included in note 12.

20. Parent company

The company is a wholly owned subsidiary of Bainbridge International Inc., a company incorporated in the United States of America. The directors regard Meadowcrest Finance Limited, a company incorporated in the British Virgin Islands, as the ultimate holding company.

21. Contingent liabilities

Lloyds Bank plc have given a £40,000 guarantee (1999 : £80,000) to H M Customs and Excise for a VAT deferment bond on behalf of the company.