

Company Number 2354253

Chantrey Vellacott DFK



BAINBRIDGE INTERNATIONAL LIMITED

**Financial Statements
31 December 2001**

BAINBRIDGE INTERNATIONAL LIMITED

Financial Statements for the year ended 31 December 2001

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BAINBRIDGE INTERNATIONAL LIMITED

Directors, Officers and Advisers

Directors

J D Short
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 2001

The directors present their report, together with the audited financial statements of the company, for the year ended 31 December 2001.

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
A Baldacchino (resigned 21 November 2001)
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 2001

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
and signed on their behalf by:


M JORDAN
Director

30th April 2002

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 2001 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 2001 and of its loss 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

30.12.2002

BAINBRIDGE INTERNATIONAL LIMITED

Profit and loss account for the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover	2	8,754,740	7,486,719
Cost of sales		<u>6,621,205</u>	<u>5,402,421</u>
Gross profit		2,133,535	2,084,298
Administrative expenses		<u>2,070,260</u>	<u>1,939,405</u>
Operating profit		63,275	144,893
Interest payable and similar charges	3	<u>146,441</u>	<u>136,596</u>
(Loss) profit on ordinary activities before taxation	4	(83,166)	8,297
Taxation	7	<u>-</u>	<u>-</u>
(Loss) profit for the financial period		(83,166)	8,297
Retained profit brought forward		<u>50,976</u>	<u>42,679</u>
Retained (loss)/profit carried forward		(32,190)	50,976

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 2001

	Notes	2001 £	2000 £
Fixed assets			
Intangible assets	8	2,464	3,081
Tangible assets	9	106,670	113,692
Investments	10	1	1
		<u>109,135</u>	<u>116,774</u>
Current assets			
Stocks	11	2,974,444	2,301,266
Debtors	12	1,091,828	1,144,695
Cash at bank and in hand		42,657	20,272
		<u>4,108,929</u>	<u>3,466,233</u>
Creditors: amounts falling due within one year	13	<u>3,399,954</u>	<u>2,681,731</u>
Net current assets		<u>708,975</u>	<u>784,502</u>
Total assets less current liabilities		<u>818,110</u>	<u>901,276</u>
Capital and Reserves			
Called up share capital	14	850,300	850,300
Profit and loss account		(32,190)	50,976
Shareholders' funds	15	<u>818,110</u>	<u>901,276</u>

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

30th April 2002

J D SHORT

M:

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 2001

	Notes	2001 £	2000 £
Operating activities			
Net cash (outflow)/inflow from operating activities	16(a)	(470,427)	29,830
Returns on investments and servicing of finance			
Interest paid		(142,526)	(159,105)
Net cash outflow from returns on investments and servicing of finance		(142,526)	(159,105)
		(612,953)	(129,275)
Taxation			
Corporation tax paid		-	-
		(612,953)	(129,275)
Capital expenditure			
Payments to acquire fixed assets		(28,212)	(26,955)
Receipts from sale of fixed assets		-	58,602
Net cash (outflow) inflow from capital expenditure		(28,212)	31,647
Net cash flow before financing		(641,165)	(97,628)
Financing			
Changes in financing	16(d)	543,880	79,817
Decrease in cash	16(b) & 16(c)	(97,285)	(17,811)

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 2001

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:

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

Goodwill

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 2001

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 (2000 - 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

	2001 £	2000 £
On bank loan, bank overdraft and other loans		
- repayable within 5 years	146,441	129,067
Finance lease interest	-	7,529
	<u>146,441</u>	<u>136,596</u>

4. (Loss) profit on ordinary activities before taxation

	2001 £	2000 £
This is stated after charging:		
Directors' emoluments (note 5)	118,755	105,232
Amortisation	617	616
Depreciation	35,234	60,902
Loss on sale of tangible assets	-	14,639
Auditors' remuneration	13,925	13,325
	<u>118,755</u>	<u>105,232</u>

5. Directors' emoluments

	2001 £	2000 £
Directors' remuneration		
Emoluments	113,062	100,907
Pension contributions	5,693	4,325
	<u>118,755</u>	<u>105,232</u>

Pension contributions were paid in respect of 2 directors (2000 : 2).

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2001

5. Directors' emoluments

Parkwood Management Ltd, a company in which Mr. J D Short is a director, received fees amounting to £64,000 (2000 : £85,062) in respect of management consultancy services.

6. Staff costs and employees	2001 £	2000 £
Wages and salaries	912,090	702,968
Social security costs	87,275	74,117
Other pension costs	24,816	17,566
	<u>1,024,181</u>	<u>794,651</u>

The average weekly number of employees during the year was:

	Number	Number
Office and management	13	11
Manufacturing, sales and distribution	28	26
	<u>41</u>	<u>37</u>

7. Taxation	2001 £	2000 £
UK corporation tax at 20%	-	-

No charge to corporation tax arises on the result for the year.

8. Intangible assets	Trademarks £	Goodwill £	Total £
Goodwill			
Cost:			
1 January 2001	1,154	7,885	9,039
Additions	-	-	-
	<u>1,154</u>	<u>7,885</u>	<u>9,039</u>
31 December 2001	<u>1,154</u>	<u>7,885</u>	<u>9,039</u>
Amortisation:			
1 January 2001	115	5,843	5,958
Charge for period	116	501	617
	<u>231</u>	<u>6,344</u>	<u>6,575</u>
31 December 2001	<u>231</u>	<u>6,344</u>	<u>6,575</u>
Net book value:			
31 December 2001	<u>923</u>	<u>1,541</u>	<u>2,464</u>
31 December 2000	<u>1,039</u>	<u>2,042</u>	<u>3,081</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2001

9. Tangible fixed assets

	Plant and equipment £	Computer equipment £	Office equipment £	Computer development £	Total £
Cost:					
1 January 2001	119,212	114,474	44,940	97,328	375,954
Additions	2,645	19,688	5,879	-	28,212
31 December 2001	<u>121,857</u>	<u>134,162</u>	<u>50,819</u>	<u>97,328</u>	<u>404,166</u>
Depreciation:					
1 January 2001	78,427	81,953	15,574	86,308	262,262
Charge for period	12,053	15,205	3,105	4,871	35,234
31 December 2001	<u>90,480</u>	<u>97,158</u>	<u>18,679</u>	<u>91,179</u>	<u>297,496</u>
Net book value:					
31 December 2001	<u>31,377</u>	<u>37,004</u>	<u>32,140</u>	<u>6,149</u>	<u>106,670</u>
31 December 2000	<u>40,785</u>	<u>32,521</u>	<u>29,366</u>	<u>11,020</u>	<u>113,692</u>

10. Investments

Shares in
subsidiary
undertaking
£

Cost:

31 December 2000 and 31 December 2001

1

At 31 December 2001 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	<u>63,030</u>	<u>27,902</u>	<u>100%</u>

11. Stocks

	2001 £	2000 £
Finished goods	2,548,971	1,744,093
Work in progress	106,951	146,247
Raw materials	318,522	410,926
	<u>2,974,444</u>	<u>2,301,266</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2001

12.	Debtors	2001	2000
		£	£
	Trade debtors	885,175	927,820
	Amounts owed by related undertakings	-	17,127
	Other debtors	16,556	75,547
	Prepayments and accrued income	190,097	124,201
		<u>1,091,828</u>	<u>1,144,695</u>
13.	Creditors: amounts falling due within one year	2001	2000
		£	£
	Bank overdraft	158,643	38,973
	Bank loans	2,051,182	1,507,302
	Trade creditors	643,653	726,400
	Amount owed to related undertaking	1,665	-
	Amount owed to group undertakings	437,163	261,798
	Other taxation and social security	28,360	23,199
	Accruals and deferred income	79,288	124,059
		<u>3,399,954</u>	<u>2,681,731</u>
<p>The bank loans and overdraft are secured by fixed and floating charges over the assets of the company. A loan, amounting to £600,000 at 31 December 2001, is secured by a guarantee provide by a related party.</p>			
14.	Called up share capital	2001	2000
		£	£
	Authorised:		
	1,000,000 (2000 : 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 2000 – 850,300 ordinary shares of £1 each	850,300	850,300
	Issued in period	-	-
	31 December 2001 - 850,000 ordinary shares of £1 each	<u>850,300</u>	<u>850,300</u>
15.	Reconciliation of movement in equity shareholders' funds	2001	2000
		£	£
	(Loss) profit for the year	(83,166)	8,297
	Issue of share capital	-	-
	Opening shareholders' funds	<u>901,276</u>	<u>892,979</u>
	Closing shareholders' funds	<u>818,110</u>	<u>901,276</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2001

16.	a)	Reconciliation of operating profit to net cash inflow (outflow) from operating activities	2001	2000
			£	£
		Operating profit	63,275	144,893
		Loss on disposal of tangible assets	-	14,639
		Amortisation	617	616
		Depreciation	35,234	60,902
		Increase in stocks	(673,178)	(510,209)
		Decrease in debtors	52,867	172,339
		Increase in creditors	50,758	141,650
			<u>(470,427)</u>	<u>29,830</u>

b)	Analysis of net debt	31 December 2000	Cashflow	Other non-cash changes	31 December 2001
		£	£	£	£
	Cash at bank and in hand	20,272	22,385		42,657
	Bank overdraft	(38,973)	(119,670)		(158,643)
		<u>(18,701)</u>	<u>(97,285)</u>		<u>(115,986)</u>
	Debt due within one year	(1,507,302)	56,120		(1,451,182)
		<u>(1,526,003)</u>	<u>(41,165)</u>	<u>-</u>	<u>(1,567,168)</u>

BAINBRIDGE INTERNATIONAL LIMITED**Notes to the financial statements
For the year ended 31 December 2001**

16.	c)	Reconciliation of net cash flow to movement in net debt	2001	2000
			£	£
		Decrease in cash	(97,285)	(17,811)
		Cash inflow from new loans	(2,051,182)	(1,507,302)
		Repayment of loans	1,507,302	1,389,266
		Repayment of capital element of HP loans - in new loans	-	38,219
		Movement in net debt	(641,165)	(97,628)
		Net debt at 31 December 2000	(1,526,003)	(1,428,375)
		Net debt at 31 December 2001	(2,167,168)	(1,526,003)
	d)	Financing	2001	2000
			£	£
		Issue of share capital	-	-
		New loans due within one year	2,051,182	1,507,302
		Repayment of loans	(1,507,302)	(1,389,266)
		Repayment of HP contracts	-	(38,219)
			543,880	79,817

17. Guarantees and other financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Motor vehicles		Land and buildings	
	2001	2000	2001	2000
	£	£	£	£
Contracts expiring:				
Within one year	-	15,633	-	-
Within two to five years	92,937	40,282	41,140	41,140
After five years	-	-	92,000	92,000
	<u>92,937</u>	<u>55,915</u>	<u>133,140</u>	<u>133,140</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the year ended 31 December 2001

18. 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)	791,375
Bainbridge International Sarl	(incorporated in France)	1,849,049
Bainbridge International Pty	(incorporated in Australia)	136,040

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 13.

Mr J D Short is a director of Parkwood Management Ltd and holds 76% 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 2001 was £1,665 (2000 : £17,727) and is included in note 13.

19. 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.

20. Contingent liabilities

Lloyds Bank plc have given a £60,000 guarantee (2001 : £60,000) to H M Customs and Excise for a VAT deferment bond on behalf of the company.