

Hamilton Jet (UK) Limited

FINANCIAL STATEMENTS

for the year ended

31 March 1997



Hamilton Jet (UK) Limited

DIRECTORS AND OFFICERS

DIRECTORS

D W Eaton	
J J Walsh	(New Zealander)
K F Whiteley	(New Zealander)
M J Hamilton	(New Zealander)

SECRETARY

P C Moore

COMPANY NUMBER

02960419 (England and Wales)

REGISTERED OFFICE

Unit 3E
The Birches Industrial Estate
East Grinstead
West Sussex
RH19 1XZ

AUDITORS

Baker Tilly
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

BANKERS

Lloyds Bank Plc
1-3 London Road
East Grinstead
West Sussex
RH19 1AH

Hamilton Jet (UK) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Hamilton Jet (UK) Limited for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of trading in, and servicing of, waterjet propulsion systems, Marine hydraulic steering gear and engine controls.

REVIEW OF THE BUSINESS

The directors are satisfied with the levels of trading achieved during the year and anticipate modest growth over the next financial year.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £41,570 .

The directors do not recommend the payment of a dividend and propose that the profit for the year after taxation of £41,570 (1996 : £15,511) to be transferred to reserves.

DIRECTORS

The following directors have held office since 1 April 1996:

D W Eaton
J J Walsh
K F Whiteley
M J Hamilton

J J Walsh retires and being eligible, offers himself for re-election.

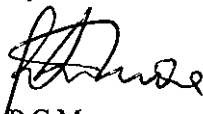
DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors held a beneficial interest in the shares of the company. Their interests in the shares of the ultimate parent company, C W F Hamilton & Co Limited, a company incorporated in New Zealand, are disclosed in the financial statements of that company.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board on 8 July 1997


P C Moore
Secretary

Hamilton Jet (UK) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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' REPORT TO THE MEMBERS OF HAMILTON JET (UK) LIMITED

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 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.

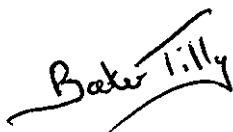
Basis of opinion

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 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

28 July 1997

Hamilton Jet (UK) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1997

	<i>Notes</i>	1997 £	1996 £
TURNOVER	1	628,603	553,803
Cost of sales		364,778	317,795
Gross profit		263,825	236,008
Other operating expenses (net)	2	203,126	216,805
OPERATING PROFIT		60,699	19,203
Investment income	3	955	958
		61,654	20,161
Interest payable	4	6,584	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	55,070	20,161
Taxation	7	13,500	4,650
RETAINED PROFIT FOR THE YEAR	14	41,570	15,511

The operating profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Hamilton Jet (UK) Limited

BALANCE SHEET

31 March 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	19,850	22,710
CURRENT ASSETS			
Stocks	9	181,554	147,755
Debtors	10	100,757	66,339
Cash at bank and in hand		47,162	19,853
		<u>329,473</u>	<u>233,947</u>
CREDITORS: Amounts falling due within one year	11	155,764	108,027
NET CURRENT ASSETS		<u>173,709</u>	<u>125,920</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		193,559	148,630
CREDITORS: Amounts falling due after more than one year	12	(109,733)	(106,374)
		<u>83,826</u>	<u>42,256</u>
CAPITAL AND RESERVES			
Called up share capital	13	25,000	25,000
Profit and loss account	14	58,826	17,256
		<u>83,826</u>	<u>42,256</u>

Approved by the board on 8 July 1997

D W EATON

Director



08 JUL 1997

Hamilton Jet (UK) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Improvements to leasehold premises	over the term of the lease
Office equipment	20% per annum reducing balance method
Fixtures and fittings	25% per annum reducing balance method
Motor vehicles	25% per annum reducing balance method

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at rates of exchange prevailing at the date of transactions. Translation differences are taken to the profit and loss account.

PENSIONS CONTRIBUTIONS

The costs of providing pensions for employees are charged in the profit and loss account upon payment.

OPERATING LEASES

All leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Hamilton Jet (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 1997

1 TURNOVER

The company's turnover was all derived from its principal activity. Sales were made in the following geographical markets:

	1997 £	1996 £
United Kingdom	488,147	428,558
Europe	116,209	60,088
Other	14,618	40,501
	<u>618,974</u>	<u>529,147</u>
Commission earned	9,629	24,656
	<u>628,603</u>	<u>553,803</u>

2 OTHER OPERATING EXPENSES (NET)

	1997 £	1996 £
Administration expenses	203,126	216,805

3 INVESTMENT INCOME

	1997 £	1996 £
Bank interest receivable	955	958

4 INTEREST PAYABLE

	1997 £	1996 £
Interest on holding company loan	6,584	-

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
owned assets	4,460	4,216
Profit on disposals	-	(126)
Operating lease rentals:		
Plant and machinery	1,410	1,306
Land and buildings	14,000	14,000
Auditors' remuneration	4,400	4,200
Loss on exchange	-	14,982

Hamilton Jet (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

6	EMPLOYEES	1997 No.	1996 No.
	The average weekly number of persons (including directors) employed by the company during the year was:		
	Selling and distribution	6	5
		<u> </u>	<u> </u>
		1997 £	1996 £
	Staff costs for the above persons:		
	Wages and salaries	111,520	92,018
	Social security costs	9,835	8,774
	Other pension costs	5,637	5,637
		<u> </u>	<u> </u>
		126,992	106,429
		<u> </u>	<u> </u>
		1997 £	1996 £
	DIRECTORS' REMUNERATION		
	Emoluments	46,400	40,500
	Other emoluments (including pension contributions and benefits in kind)	8,677	6,391
		<u> </u>	<u> </u>
		55,077	46,891
		<u> </u>	<u> </u>
	The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
		1997 £	1996 £
	The highest paid director	46,400	40,500
		<u> </u>	<u> </u>
	The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:		
		1997 No	1996 No
	£0 - £5,000	3	3
		<u> </u>	<u> </u>

Hamilton Jet (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 1997

7	TAXATION	1997 £	1996 £
	Based on the profit for the year:		
	UK corporation tax at 24½% (1996 25%)	13,500	4,589
	Under provided in previous year	-	61
		<u>13,500</u>	<u>4,650</u>

8	TANGIBLE FIXED ASSETS	<i>Leasehold Improvements</i> £	<i>Office equipment</i> £	<i>Fixtures & fittings</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
	Cost					
	1 April 1996	5,200	6,831	3,610	12,553	28,194
	Additions	-	1,498	101	-	1,599
	31 March 1997	<u>5,200</u>	<u>8,329</u>	<u>3,711</u>	<u>12,553</u>	<u>29,793</u>
	Depreciation					
	1 April 1996	296	1,698	974	2,516	5,484
	Charged in the year	204	1,057	678	2,520	4,459
	31 March 1997	<u>500</u>	<u>2,755</u>	<u>1,652</u>	<u>5,036</u>	<u>9,943</u>
	Net book value					
	31 March 1997	<u>4,700</u>	<u>5,574</u>	<u>2,059</u>	<u>7,517</u>	<u>19,850</u>
	31 March 1996	<u>4,904</u>	<u>5,133</u>	<u>2,636</u>	<u>10,037</u>	<u>22,710</u>

9	STOCKS	1997 £	1996 £
	Goods for resale	181,554	147,755

Closing stock of £181,554 (1996: £147,755) excludes consignment stock held on behalf of the company's ultimate parent company, CWF Hamilton & Co Limited, which amounted to £1,465.

Hamilton Jet (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 1997

10	DEBTORS	1997 £	1996 £
	Due within one year:		
	Trade debtors	92,078	50,781
	Other debtors	6,221	15,558
	Prepayments and accrued income	2,458	-
		<u>100,757</u>	<u>66,339</u>

11	CREDITORS: Amounts falling due within one year	1997 £	1996 £
	Trade creditors	58,552	51,291
	Corporation tax	13,500	4,589
	Other taxation and social security costs	4,088	5,817
	Amount due to ultimate parent company	49,006	15,433
	Accruals and deferred income	30,618	30,897
		<u>155,764</u>	<u>108,027</u>

12	CREDITORS: Amounts falling due in more than one year	1997 £	1996 £
	Amount due to ultimate parent company	109,733	106,374
		<u>109,733</u>	<u>106,374</u>

Long term funding has been provided by the ultimate parent company. The lender has confirmed that the loan is unsecured, interest is charged at 6% and that the timing of repayment is not fixed but will not occur within one year of the balance sheet date.

13	SHARE CAPITAL	1997 £	1996 £
	Authorised:		
	25,000 ordinary shares of £1 each	25,000	25,000
		<u>25,000</u>	<u>25,000</u>
	Allotted, issued and fully paid:		
	25,000 ordinary shares of £1 each	25,000	25,000
		<u>25,000</u>	<u>25,000</u>

Hamilton Jet (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 1997

14	PROFIT AND LOSS ACCOUNT	1997 £	1996 £
	1 April 1996	17,256	1,745
	Profit for the financial year	41,570	15,511
		<hr/>	<hr/>
	31 March 1997	58,826	17,256
		<hr/>	<hr/>

15	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	1997 £	1996 £
	Profit after taxation	41,570	15,511
		<hr/>	<hr/>
	Net addition to shareholders' funds	41,570	15,511
	Opening shareholders' funds	42,256	26,745
		<hr/>	<hr/>
	Closing shareholders' funds	83,826	42,256
		<hr/>	<hr/>

16 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the unprovided potential liability are as follows:

	<i>Amount Provided</i>		<i>Unprovided Liability</i>	
	1997	1996	1997	1996
Excess of tax allowance over depreciation	NIL	NIL	911	726
	<hr/>	<hr/>	<hr/>	<hr/>

17 COMMITMENTS UNDER OPERATING LEASES

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997 £	1996 £
Plant and machinery		
expiring in the first year	-	-
expiring between one and five years	1,410	1,306
Land and buildings		
expiring after five years	14,000	14,000
	<hr/>	<hr/>
	15,410	15,306
	<hr/>	<hr/>

Hamilton Jet (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 1997

18 PENSION CONTRIBUTIONS

The company operates a defined contribution pension scheme whose assets are held separately in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £5,637.

19 RELATED PARTY TRANSACTIONS

During the year the company purchased goods for resale from its ultimate parent company at a cost of £91,038 (1996 : £68,361).

20 ULTIMATE PARENT COMPANY

The directors consider the company's ultimate parent company to be C W F Hamilton & Co Limited, a company incorporated in New Zealand.