

EDITALLIED LIMITED

Company Registration Number 3315273

**REPORT AND ACCOUNTS**

For the period ended 31 December 1997



**HOWSONS**

**Chartered Accountants**

**Registered Auditors**

## **EDITALLIED LIMITED**

**For the period ended 31 December 1997**

### **DIRECTORS**

R A P Brimelow	(appointed 14 April 1997)	
R M Moyse	(appointed 14 April 1997)	
R D Dibble	(resigned 14 April 1997)	
J A Mellman	(resigned 14 April 1997)	
C D Parsons		(resigned 14 April 1997)

### **SECRETARY**

R M Moyse	(appointed 14 April 1997)
W F W Legal Services Limited	(resigned 14 April 1997)

### **REGISTERED OFFICE**

61 Brook Street  
London  
W1Y 2BL

### **BANKERS**

Citibank  
Ansbacher (Guernsey) Limited

### **AUDITORS**

**Howsons**  
**Chartered Accountants**  
**Registered Auditors**

Winton House  
Stoke Road  
Stoke-on-Trent  
Staffordshire  
ST4 2RN

## **EDITALLIED LIMITED**

### **REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their annual report together with the audited accounts for the period ended 31 December 1997.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company during the period has been that of marine charter hire.

#### **BUSINESS REVIEW**

The company was incorporated on 7 February 1997 and commenced in business shortly thereafter. As a result of substantial re-fitting and dry docking costs the company incurred a loss during the period.

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period and subsequently, none of whom have any interest in the share capital of the company were as follows:

R A P Brimelow	(appointed 14 April 1997)	
R M Moyse	(appointed 14 April 1997)	
R D Dibble	(resigned 14 April 1997)	
J A Mellman	(resigned 14 April 1997)	
C D Parsons		(resigned 14 April 1997)

#### **CLOSE COMPANY STATUS**

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### **AUDITORS**

The auditors, Howsons, have expressed their willingness to continue in office, and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

Signed on behalf of the Board



**R M MOYSE**

## **EDITALLIED LIMITED**

### **DIRECTORS' RESPONSIBILITIES**

**For the period ended 31 December 1997**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;
- state whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is not appropriate 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS  
OF EDITALLIED LIMITED**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**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.

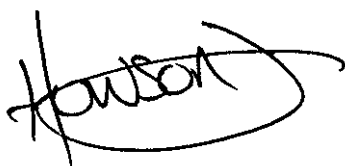
**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the 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 1997 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Howsons  
Chartered Accountants  
Registered Auditors**

Winton House  
Stoke Road  
Stoke-on-Trent  
Staffordshire  
ST4 2RN

Date 2 November 1998

**EDITALLIED LIMITED****PROFIT AND LOSS ACCOUNT****For the period ended 31 December 1997**

	Note	1997 £
TURNOVER – continuing operations	1	477,645
Cost of sales		1,801,907
GROSS LOSS		1,324,262
Administrative expenses		134,391
Profit on exchange		(119,838)
OPERATING LOSS – continuing operations	2	1,338,815
Interest receivable	4	(5,712)
Interest payable	5	687,386
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		2,020,489
Taxation on loss on ordinary activities	6	–
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING RETAINED DEFICIT FOR THE PERIOD	12	2,020,489

**TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the retained deficit for the period end as stated.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The accounts are prepared under the historical cost convention and thus the reported loss on ordinary activities before taxation is the historical cost loss.

**EDITALLIED LIMITED****BALANCE SHEET****As at 31 December 1997**

	Note	£	1997	£
FIXED ASSETS				
Tangible assets	7			18,366,522
CURRENT ASSETS				
Debtors	8	157,969		
Cash at bank and in hand		187,969		
		<hr/>		
		345,938		
CREDITORS: Amounts falling due within one year	9	229,271		
		<hr/>		
NET CURRENT ASSETS				116,667
				<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES				18,483,189
CREDITORS: Amounts falling due after more than one year	10			20,503,676
				<hr/>
NET LIABILITIES				(2,020,487)
				<hr/>
CAPITAL AND RESERVES				
Called up share capital	11			2
Profit and loss account	12			(2,020,489)
				<hr/>
DEFECIT ON SHAREHOLDERS' FUNDS	13			(2,020,487)
				<hr/>

The accounts were approved by the Board of Directors on 2 November 1998

**R M MOYSE**

# EDITALLIED LIMITED

## NOTES TO THE ACCOUNTS

For the period ended 31 December 1997

### 1. ACCOUNTING POLICIES

#### Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

#### Turnover

Turnover represents the invoiced value of charter income in the period, exclusive of Value Added Tax.

#### Tangible Fixed Assets

Depreciation is calculated so as to write-off the original cost by equal annual instalments over the expected useful lives of the assets concerned. Depreciation is charged in full for nine months on all assets purchased during the period, but is not charged on assets disposed of during the period. The principal annual rates used are:

	%
Motor vessel	4
Refurbishment	10
Loose fittings	20

#### Deferred Taxation

Provision is only made for deferred tax, using the liability method, in respect of timing differences arising from the difference in treatment of certain items for accounting and taxation purposes, where it is considered that the deferral is unlikely to continue for the foreseeable future, and where the consequent liability is expected to be material.

#### Foreign Currency

Transactions denominated in foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated at year end exchange rates. The resulting exchange gains or losses are taken to the profit and loss account for the period. Foreign exchange conversion differences are likewise taken to the profit and loss account for the period in which they occur.

### 2. OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	1997 £
Directors' remuneration	—
Auditors' remuneration	4,000
Depreciation of tangible fixed assets	636,564
Profit on exchange	(119,838)

### 3. STAFF NUMBERS AND COSTS

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

	1997
On board motor vessel	13

The aggregate payroll costs of these employees were:

	1997 £
Wages and salaries	276,234



**EDITALLIED LIMITED****NOTES TO THE ACCOUNTS****For the period ended 31 December 1997****4. INTEREST RECEIVABLE**

	1997 £
Bank interest	5,712
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**5. INTEREST PAYABLE**

	1997 £
On bank loans and overdrafts	687,386
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**6. TAXATION ON LOSS ON ORDINARY ACTIVITIES**

There is no charge to Corporation tax. The company has tax losses available to be carried forward.

**7. TANGIBLE FIXED ASSETS**

COST	Motor vessel £	Refurbishment £	Loose fittings £	Total £
Additions	18,012,791	698,168	292,127	19,003,086
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	18,012,791	698,168	292,127	19,003,086
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
Charge for the period	540,383	52,363	43,818	636,564
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	540,383	52,363	43,818	636,564
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 December 1997	17,472,408	645,805	248,309	18,366,522
	<hr/>	<hr/>	<hr/>	<hr/>

**EDITALLIED LIMITED****NOTES TO THE ACCOUNTS**

For the period ended 31 December 1997

**8. DEBTORS**

	1997 £
Trade debtors	116,689
Other debtors	11,227
Prepayments	30,053
	<hr/>
	157,969
	<hr/>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £
Trade creditors	1,625
Accruals	227,646
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	229,271
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**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1997 £
Bank loans	11,913,443
Amounts owed to parent company	8,590,233
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	20,503,676
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**11. SHARE CAPITAL**

	1997 £
Ordinary shares of £1 each:	
Authorised	1,000
	<hr/>
Issued and fully paid	2
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**12. PROFIT AND LOSS ACCOUNT**

	1997 £
Loss for the period	2,020,489
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At 31 December 1997	2,020,489
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**EDITALLIED LIMITED****NOTES TO THE ACCOUNTS**

For the period ended 31 December 1997

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1997 £
Loss for the period after taxation	2,020,489
Shares issued during the year	(2)
	<hr/>
Net decrease in shareholders' funds	2,020,487
Shareholders' funds at incorporation	—
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Deficit on shareholders' funds at 31 December 1997	2,020,487
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Deficit on shareholders' funds are wholly attributable to equity interests.

**14. GOING CONCERN**

The accounts have been prepared on the basis that the company is a going concern. In the opinion of the directors this is appropriate in view of the continued support of the company's parent and the expectation that the principal asset is worth more than its book value after taking account of the accumulated losses.

**15. ULTIMATE CONTROLLING PARTY**

The company is a wholly owned subsidiary of JCB Special Products Limited which is controlled by Sir Anthony Bamford and his family.

**EDITALLIED LIMITED****TRADING AND PROFIT AND LOSS ACCOUNT****For the period ended 31 December 1997**

	£	£	£
SALES			477,645
COST OF SALES			
Commission		73,936	
Yacht Operating Expenses			
Canvas and carpentry	2,415		
Day help	6,823		
Custom/Entry fees	11,143		
Dockage/Storage	39,738		
Fuels and oils	98,594		
Electrical repairs	24,005		
Engine repairs and maintenance	52,138		
Refinishing	5,087		
General repairs	38,293		
Navigational supplies	3,104		
Wages and salaries	270,426		
Relief captain	5,808		
Deck supplies	8,397		
Uniforms	33,528		
Weather routing service	1,010		
		600,509	
Yacht Guest Expenses			
Food and beverages – guests	82,698		
– staff	40,469		
Flowers	7,039		
Tips and gratuities	2,117		
Entertainment	12,389		
Cleaning	2,343		
Recreational gear	4,304		
Toiletries	17,715		
Guest transport	3,277		
MSA Compliance	2,984		
Miscellaneous	8,283		
Consumables	5,560		
TV Signal	1,631		
Cellular phones	515		
		191,324	

# EDITALLIED LIMITED

## TRADING AND PROFIT AND LOSS ACCOUNT CONTINUED

For the period ended 31 December 1997

Yacht Administration Expenses	£	£	£
Administration fees	12,465		
Crewe benefits	28,728		
Subscriptions	1,710		
Health insurance	12,585		
Insurance	125,934		
Sundry expenses	1,248		
Office costs	7,086		
Training	2,002		
Professional services	79,671		
Telecommunications	28,145		
		299,574	
Depreciation		636,564	
			1,801,907
GROSS LOSS			1,324,262
ADMINISTRATION			
Tax consultancy		48,000	
Legal fees		20,313	
Other fees		11,943	
Advertising		18,813	
Air flights		(459)	
Bank charges		35,781	
			134,391
			1,458,653
INTEREST			
Bank interest receivable		(5,712)	
Bank interest payable		687,386	
			681,674
			2,140,327
PROFIT ON EXCHANGE			(119,838)
LOSS BEFORE TAXATION			2,020,489