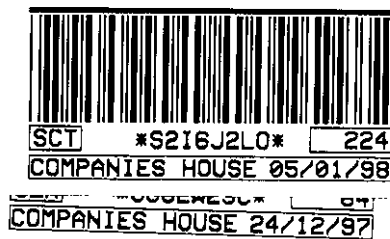
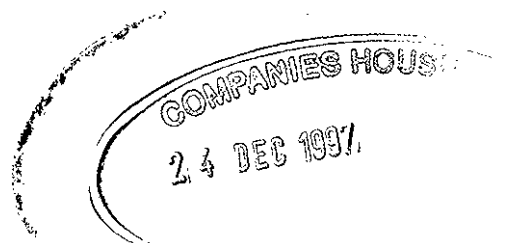


SEABOARD ANCHORS LIMITED

REPORT AND ACCOUNTS

28 February 1997



Seaboard Anchors Limited

Directors: Mrs Cushla M Thoms
Mr Andrew W Thoms

Secretary: Mrs Cushla M Thoms

Registered Office: Cliff House
Cadbol
Tain
Ross-shire

Auditors: David Law & Co
Chartered Accountants and
Registered Auditor
10 Jasmine Road
Kilmarnock KA1 2HD

Bankers: Royal Bank of Scotland plc
19 High Street
Tain
Ross-shire

Seaboard Anchors Limited**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**
for the year ended 28 February 1997**CONTENTS**

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Seaboard Anchors Limited

DIRECTORS' REPORT

The directors submit the Report and Financial Statements of the company for the year ended 28 February 1997.

Results and Dividends

The profit for the year after taxation amounted to £8,269 (1996 £24,840). The directors recommended the payment of a dividend during the year of 10p (1996 £nil) per £1 Ordinary share.

Principal Activity and Review of the Business

The company is principally engaged in the sale and distribution of anchors.

Due to increases in turnover and margins the company has remained profitable despite the increase in overhead costs.

Future Developments

The directors intend that the company will seek new export markets to add to its traditional business.

Directors and their Interests

The directors at 28 February 1997 and their interests in the share capital of the company is as follows:

	28 February 1997 Ordinary shares	1 March 1996 Ordinary shares
Mrs C M Thoms	21,251	21,251
Mr A W Thoms	21,249	21,249

Mr AW Thoms retires by rotation and, being eligible, offers himself for re-election.

Close Company Provisions

The company is a close company within the meaning of S414 of the Income and Corporation Taxes Act 1988.

Statement of Directors' Responsibilities for the Financial Statements

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

- select suitable accounting policies and then apply them consistently;

Seaboard Anchors Limited

DIRECTORS' REPORT

- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 re-appoint David Law & Company as auditors will be put to the members at the Annual General Meeting.

Report of the Directors

In preparing this report the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Approved by the board on 17 December 1997
and signed on its behalf by



C M Thoms
Director

Seaboard Anchors Limited

AUDITORS' REPORT

REPORT OF THE AUDITORS

to the members of Seaboard Anchors Limited

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on pages 4 and 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 accounts. 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 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 accounts 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 accounts.

Opinion

In our opinion:

- (a) the company is entitled to the exemptions claimed in the directors' report.
- (b) the accounts give a true and fair view of the state of the company's affairs at 28 February 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



David Law & Company
Chartered Accountants
Registered Auditors
Kilmarnock

22 December 1997

Seaboard Anchors Limited

PROFIT & LOSS ACCOUNT

for the year ended 28 February 1997

	Notes	1997 £	1996 £
TURNOVER	1	529,097	453,443
Cost of Sales		(363,024)	(327,984)
GROSS PROFIT		166,073	125,459
Selling and distribution costs		(114,088)	(83,706)
Administration expenses		(38,137)	(14,865)
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	2	13,848	26,888
Interest payable		(1,578)	(1,380)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,270	25,508
Taxation		(4,001)	(668)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,269	24,840
Dividend		(5,000)	(—)
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>3,269</u>	<u>24,840</u>

The company's turnover and expenses all relate to continuing operations.

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than as disclosed above and there have been no discontinued activities or acquisitions in the current or preceding period.

Note of Historical Cost Profits and Losses

The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.

There is no material difference between the profit on ordinary activities before taxation and the retained profit reported in the profit and loss account and the equivalent figures calculated on the historical cost basis.

Seaboard Anchors Limited

BALANCE SHEET

at 28 February 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	4	9,212	5,081
Intangible assets	5	<u>—</u>	<u>997</u>
		<u>9,212</u>	<u>6,078</u>
CURRENT ASSETS			
Stocks	6	27,841	27,697
Debtors (amounts falling due within one year)	7	139,466	111,902
Cash at bank and in hand		<u>—</u>	<u>2</u>
		<u>167,307</u>	<u>139,601</u>
CREDITORS:			
Amounts falling due within one year	8	(151,898)	(142,774)
NET CURRENT ASSETS/(LIABILITIES)		<u>15,409</u>	<u>(3,173)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,621	2,905
CREDITORS:			
Amounts falling due after more than one year	8	(18,467)	(20)
		<u>6,154</u>	<u>2,885</u>
CAPITAL AND RESERVES			
Called up share capital	10	50,000	50,000
Profit and loss account	11	(43,846)	(47,115)
Shareholders' funds	11	<u>6,154</u>	<u>2,885</u>

Advantage is taken of exemptions conferred by Part I of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions having met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

Approved by the board on 17 December 1997
and signed on its behalf by



C M Thoms
Director

Seaboard Anchors Limited

ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention.

Tangible Fixed Assets

All fixed assets are initially recorded at cost.

Intangible Fixed Assets

The costs have been capitalised and are amortised on the straight-line basis over the estimated life of the assets of 10 years.

Depreciation

The company policy is to provide depreciation at rates which are calculated to write-off the cost of the assets over their expected useful lives:

Plant and equipment	-	15% straight line
Motor vehicles	-	25% reducing balance

Turnover

Turnover is stated net of value added tax.

Deferred Taxation

Provision is made at the year end tax rate for the estimated deferred taxation liability on the amount by which the profits for tax purposes have been reduced by the application of capital allowances in advance of the corresponding charges for depreciation in the accounts.

Stocks

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

Research and Development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

Seaboard Anchors Limited

ACCOUNTING POLICIES

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Going Concern Basis

The accounts are prepared on the going concern basis and do not include any adjustments that would result from the company being unable to continue to trade.

Cash Flow Statement

Under Financial Reporting Standard No.1 the company is exempt from the requirement to prepare a cash flow statement because of its size.

Seaboard Anchors Limited

NOTES TO THE ACCOUNTS

for year ended 28 February 1997

1. Turnover and Profit

The turnover and profit before taxation are attributable to one activity, the manufacture, sale and distribution of anchors. The turnover for each geographic market has not been disclosed as the directors are of the opinion that its disclosure would be prejudicial to the interests of the company.

2. Operating Profit

This is stated after charging/(crediting)

	1997 £	1996 £
Auditor's remuneration	1,600	1,600
Depreciation of owned fixed assets	499	1,429
Depreciation of assets held under finance leases and hire purchase contracts	1,496	1,322
Hire of plant and equipment	2,247	1,755
Research and development	<u>793</u>	<u>385</u>

3. Directors

	1997 £	1996 £
Total emoluments	<u>4,970</u>	<u>3,752</u>

Seaboard Anchors Limited

NOTES TO THE ACCOUNTS

for year ended 28 February 1997

4. Tangible Fixed Assets

	Motor Vehicles £	Plant & Equipment £	Total £
Cost			
At 1 March 1996	13,000	16,550	29,550
Additions	<u>8,000</u>	<u>1,596</u>	<u>9,596</u>
	21,000	18,146	39,146
Disposals	<u>9,400</u>	<u>—</u>	<u>9,400</u>
At 28 February 1997	<u>11,600</u>	<u>18,146</u>	<u>29,746</u>
Depreciation			
At 1 March 1996	8,180	16,289	24,469
Charge for year	<u>1,710</u>	<u>285</u>	<u>1,995</u>
	9,890	16,574	26,464
Disposals	<u>5,930</u>	<u>—</u>	<u>5,930</u>
At 28 February 1997	<u>3,960</u>	<u>16,574</u>	<u>20,534</u>
Net book value			
At 28 February 1997	<u>7,640</u>	<u>1,572</u>	<u>9,212</u>
At 1 March 1996	<u>4,820</u>	<u>261</u>	<u>5,081</u>

The net book value of Tangible Fixed Assets includes an amount of £7,000 (1996 £3,966) in respect of a motor vehicle held under a Hire Purchase Contract.

Seaboard Anchors Limited

NOTES TO THE ACCOUNTS

for year ended 28 February 1997

5. Intangible Fixed Assets

	Design rights £
Cost	
At 1 March 1996	10,473
Additions	—
Disposals	<u>—</u>
At 28 February 1997	<u>10,473</u>
Depreciation	
At 1 March 1996	9,476
Charge for year	997
Disposals	<u>—</u>
At 28 February 1997	<u>10,473</u>
Net book value	
At 28 February 1997	<u>—</u>
At 1 March 1996	<u>997</u>

6. Stocks

Stocks comprising anchors and consumables are carried at the lower of cost and net realisable value.

	1997 £	1996 £
Finished goods for resale and hire	<u>27,841</u>	<u>27,697</u>

7. Debtors

	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	136,748	110,435
Prepayments and accrued income	<u>2,718</u>	<u>1,467</u>
	<u>139,466</u>	<u>111,902</u>

Seaboard Anchors Limited

NOTES TO THE ACCOUNTS

for year ended 28 February 1997

8. Creditors

	1997	1996
	£	£
Amounts falling due within one year:		
Bank overdraft	11,494	21,675
Obligations under finance leases and hire purchase contracts	2,000	2,445
Trade creditors	117,257	109,732
Corporation tax	2,087	668
Accruals and deferred income	13,763	7,072
Taxation and social security	<u>5,297</u>	<u>1,182</u>
	<u>151,898</u>	<u>142,774</u>
Amounts falling due after more than one year:		
Obligations under finance leases and hire purchase contracts	3,167	—
Directors' loans	<u>15,300</u>	<u>20</u>
	<u>18,467</u>	<u>20</u>

Directors' loans have no fixed repayment terms and bear no interest.

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The company expects to operate within the facility currently agreed and within that expected to be agreed with the company's bankers when it is renewed for a further year. These views are based on the company's plans and the successful outcome of discussions with the company's bankers.

9. Obligations under Leases and Hire Purchase Contracts

	1997	1996
	£	£
Amounts payable net of finance charges:		
within one year	2,000	2,445
within two to five years	<u>3,167</u>	<u>—</u>
	<u>5,167</u>	<u>2,445</u>

Seaboard Anchors Limited

NOTES TO THE ACCOUNTS

for year ended 28 February 1997

10. Called-up Share Capital

	1997 £	1996 £
Authorised		
100,000 Ordinary shares of £1 per share	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid 50,000 Ordinary shares of £1 per share	<u>50,000</u>	<u>50,000</u>

11. Reconciliation of Shareholders' Funds and Movement on Reserve

	Share Capital £	Profit and Loss Account £	Total Shareholders Funds £
At 1 March 1995	50,000	(71,955)	(21,955)
Profit for the year	<u>—</u>	<u>24,840</u>	<u>24,840</u>
At 1 March 1996	50,000	(47,115)	2,885
Profit for the year	<u>—</u>	<u>3,269</u>	<u>3,269</u>
At 28 February 1997	<u>50,000</u>	<u>(43,846)</u>	<u>6,154</u>

12. Directors' Transactions

Both directors are partners in the firm of Seaboard Marine which supplies management services to the company. The amount charged for these services in the year ended 28 February 1997 was £68,880 (1996 £36,750). Seaboard Marine also charged the company £2,000 (1996 £1,500) for the rent of office accommodation and £1,920 (1996 £1,600) for the hire of a vessel. The directors own the firm Seaboard Marine (Nigg) Limited which during the year charged the company £1,000 for administration services (1996 £5,000).

13. Capital Commitments

	1997 £	1996 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>—</u>	<u>—</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>—</u>	<u>—</u>