

462364

Report of the Directors and  
Financial Statements  
for the Year Ended 31 October 1998  
for  
Typhoon International Limited



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for the Year Ended 31 October 1998

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**Company Information**  
**for the Year Ended 31 October 1998**

**PRESIDENT:** Sir Derek Bibby Bt., MC., DL

**DIRECTORS:** M.J. Bibby (Chairman)  
P.J. Bibby  
R.E. Crowe  
C. Owen

**SECRETARY:** R.E. Crowe

**REGISTERED OFFICE:** Brunswick Place  
Bank Hall  
Liverpool  
L20 8NZ

**REGISTERED NUMBER:** 462364 (England and Wales)

**AUDITORS:** Westmore Brennand  
Chartered Accountants  
and Registered Auditor  
Masons Building  
28 Exchange Street East  
Liverpool  
L2 3XZ

**Report of the Directors**  
**for the Year Ended 31 October 1998**

The directors present their report with the financial statements of the company for the year ended 31 October 1998.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the manufacture and distribution of safety, survival and watersports equipment .

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

It is recommended that no dividends be distributed for the year ended 31 October 1998.

**DIRECTORS**

The directors during the year under review were:

P.J. Bibby  
M.J. Bibby  
R.E. Crowe  
C. Owen

The directors holding office at 31 October 1998 did not hold any beneficial interest in the issued share capital of the company at 1 November 1997 or 31 October 1998.

The directors' beneficial interests in the issued share capital of the ultimate holding company, Typhoon Holdings Limited, are shown in the financial statements of Typhoon Holdings Limited.

**STATEMENT OF 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 period. In preparing those financial statements, the directors are required to

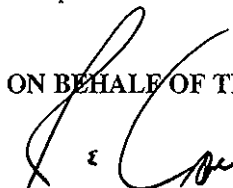
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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**

The auditors, Westmore Brennand, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



R.E. Crowe - SECRETARY

Dated: 26 February 1999

**Typhoon International Limited**

**Report of the Auditors to the Shareholders of**  
**Typhoon International Limited**

We have audited the financial statements on pages four to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

**Respective responsibilities of directors and auditors**

As described on page two 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.

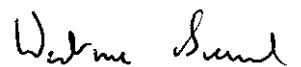
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the support of the parent company and its shareholders. In view of the significance of this, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Westmore Brennand  
Chartered Accountants  
and Registered Auditor  
Masons Building  
28 Exchange Street East  
Liverpool  
L2 3XZ

Dated: 26 February 1999

**Typhoon International Limited**

**Profit and Loss Account**  
**for the Year Ended 31 October 1998**

		<u>31.10.98</u>		<u>31.10.97</u>	
	Notes	£	£	£	£
<b>TURNOVER</b>	2		2,520,095		2,097,805
Cost of sales			<u>1,633,992</u>		<u>1,309,678</u>
<b>GROSS PROFIT</b>			886,103		788,127
Distribution costs		54,437		46,418	
Administrative expenses		<u>917,972</u>		<u>966,412</u>	
			<u>972,409</u>		<u>1,012,830</u>
			(86,306)		(224,703)
Other operating income	4		<u>44,115</u>		<u>1,628</u>
<b>OPERATING LOSS</b>	4		(42,191)		(223,075)
Exceptional item			<u>-</u>		<u>103,942</u>
			(42,191)		(327,017)
Interest payable and similar charges	5		<u>68,880</u>		<u>78,815</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(111,071)		(405,832)
Tax on loss on ordinary activities	6		<u>-</u>		<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>			(111,071)		(405,832)
(Deficit)/Retained profit brought forward:					
As previously reported		(17,482)		443,783	
Prior year adjustments		<u>-</u>		<u>(55,433)</u>	
As restated			<u>(17,482)</u>		<u>388,350</u>
<b>DEFICIT CARRIED FORWARD</b>			<u>£(128,553)</u>		<u>£(17,482)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements

Typhoon International Limited

Statement of Total Recognised Gains and Losses  
for the Year Ended 31 October 1998

	<u>31.10.98</u>	<u>31.10.97</u>
	£	£
LOSS FOR THE FINANCIAL YEAR	(111,071)	(405,832)
	<u>          </u>	<u>          </u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(111,071)	(405,832)
Prior year adjustment	<u>-</u>	<u>(55,433)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u>£(111,071)</u>	<u>£(461,265)</u>

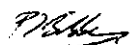
The notes form part of these financial statements

**Typhoon International Limited**

**Balance Sheet**  
**31 October 1998**

		<u>31.10.98</u>		<u>31.10.97</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	7		7,664		-
Tangible assets	8		<u>477,987</u>		<u>463,261</u>
			485,651		463,261
<b>CURRENT ASSETS:</b>					
Stocks	9	820,588		687,076	
Debtors	10	578,315		717,362	
Cash in hand		<u>933</u>		<u>2,378</u>	
		1,399,836		1,406,816	
<b>CREDITORS:</b> Amounts falling due within one year	11	<u>1,072,570</u>		<u>1,415,123</u>	
<b>NET CURRENT ASSETS/(LIABILITIES):</b>			<u>327,266</u>		<u>(8,307)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			812,917		454,954
<b>CREDITORS:</b> Amounts falling due after more than one year	12		<u>770,248</u>		<u>301,214</u>
			<u>£42,669</u>		<u>£153,740</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	16		3,700		3,700
Revaluation reserve	17		166,222		166,222
Other reserves	18		1,300		1,300
Profit and loss account			<u>(128,553)</u>		<u>(17,482)</u>
Shareholders' funds	21		<u>£42,669</u>		<u>£153,740</u>

**ON BEHALF OF THE BOARD:**



P.J. Bibby - DIRECTOR

Approved by the Board on 26 February 1999



**Typhoon International Limited**

**Cash Flow Statement**  
**for the Year Ended 31 October 1998**

		<u>31.10.98</u>		<u>31.10.97</u>	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	1		149,353		(295,550)
Returns on investments and servicing of finance	2		(68,880)		(78,815)
Capital expenditure	2		<u>(87,986)</u>		<u>229,810</u>
Decrease in cash in the period			<u>£(7,513)</u>		<u>£(144,555)</u>

**Reconciliation of net cash flow  
to movement in net debt**

	3		
Decrease in cash in the period		(7,513)	(144,555)
Cash inflow from decrease in debt and lease financing		<u>26,655</u>	<u>11,868</u>
Change in net debt resulting from cash flows		<u>19,142</u>	<u>(132,687)</u>
Movement in net debt in the period		19,142	(132,687)
Net debt at 1 November 1997		<u>(530,300)</u>	<u>(397,613)</u>
Net debt at 31 October 1998		<u>£(511,158)</u>	<u>£(530,300)</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 October 1998**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	31.10.98 £	31.10.97 £
Operating loss	(42,191)	(223,075)
Depreciation charges	63,912	60,252
Loss on sale of fixed assets	1,792	1,173
Profit on sale of fixed assets	(108)	(1,000)
Exceptional item	-	(103,942)
Increase in stocks	(133,512)	(238,364)
Decrease/(Increase) in debtors	139,047	(255,567)
Increase in creditors	<u>120,413</u>	<u>464,973</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>149,353</u></b>	<b><u>(295,550)</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.10.98 £	31.10.97 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(64,914)	(73,552)
Interest element of hire purchase payments	<u>(3,966)</u>	<u>(5,263)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(68,880)</u></b>	<b><u>(78,815)</u></b>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(7,664)	-
Purchase of tangible fixed assets	(87,892)	(45,647)
Sale of tangible fixed assets	<u>7,570</u>	<u>275,457</u>
<b>Net cash (outflow)/inflow for capital expenditure and financial investment</b>	<b><u>(87,986)</u></b>	<b><u>229,810</u></b>

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 October 1998**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.11.97 £	Cash flow £	At 31.10.98 £
Net cash:			
Cash at bank and in hand	2,378	(1,445)	933
Bank overdraft	<u>(487,776)</u>	<u>(6,068)</u>	<u>(493,844)</u>
	<u>(485,398)</u>	<u>(7,513)</u>	<u>(492,911)</u>
Debt:			
Hire purchase	<u>(44,902)</u>	<u>26,655</u>	<u>(18,247)</u>
	<u>(44,902)</u>	<u>26,655</u>	<u>(18,247)</u>
Total	<u>(530,300)</u>	<u>19,142</u>	<u>(511,158)</u>
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	2,378		933
Bank overdraft and short term loans	<u>(487,776)</u>		<u>(493,844)</u>
Hire purchase			
within one year	<u>(27,607)</u>		<u>(12,809)</u>
after one year	<u>(17,295)</u>		<u>(5,438)</u>
	<u>(530,300)</u>		<u>(511,158)</u>

**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

**1. ACCOUNTING POLICIES**

**Fundamental accounting concept**

The company is dependent upon continuing finance being made available by its parent company and its shareholders to enable it to continue operating and to meet its liabilities as they fall due. It is the intention of the parent company and its shareholders to support Typhoon International Limited for the foreseeable future, and the directors believe that it is therefore appropriate to prepare accounts on a going concern basis.

**Accounting convention**

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

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold and buildings	- 2% on cost
Plant and machinery	- 10% on cost
Fixtures and fittings	- 10% on cost and 20% on cost
Motor vehicles	- 20% on cost and 25% on cost

**Intangible fixed assets**

Intangible fixed assets comprise expenditure on licences for the XCM suit.

Intangible fixed assets are amortised through the profit and loss account in equal instalments over three years.

**Stocks**

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**2. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

**3. STAFF COSTS**

	31.10.98	31.10.97
	£	£
Wages and salaries	868,193	932,891
Social security costs	67,472	61,643
Other pension costs	<u>6,608</u>	<u>5,376</u>
	<u>942,273</u>	<u>999,910</u>

The average monthly number of employees during the year was as follows:

	31.10.98	31.10.97
Production	56	45
Administration	<u>18</u>	<u>15</u>
	<u>74</u>	<u>60</u>

**4. OPERATING LOSS**

The operating loss is stated after charging:

	31.10.98	31.10.97
	£	£
Depreciation - owned assets	58,261	67,113
Depreciation - assets on hire purchase contracts	5,651	8,887
Loss on disposal of fixed assets	1,684	173
Auditors' remuneration	<u>6,604</u>	<u>7,000</u>

Directors' emoluments	<u>-</u>	<u>22,238</u>
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The operating loss is stated after crediting:

Grants received	<u>44,115</u>	<u>1,628</u>
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**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.10.98	31.10.97
	£	£
Bank interest	47,867	35,711
Loan interest	17,047	37,841
Hire purchase	<u>3,966</u>	<u>5,263</u>
	<u>68,880</u>	<u>78,815</u>

**6. TAXATION**

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 October 1998 nor for the year ended 31 October 1997.

**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

**7. INTANGIBLE FIXED ASSETS**

	<u>Patents and licences</u>
	£
<b>COST:</b>	
Additions	<u>7,664</u>
At 31 October 1998	<u>7,664</u>
<b>NET BOOK VALUE:</b>	
At 31 October 1998	<u>7,664</u>

**8. TANGIBLE FIXED ASSETS**

	<u>Freehold and buildings</u>	<u>Plant and machinery</u>	<u>Office equipment fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£	£
<b>COST OR VALUATION:</b>					
At 1 November 1997	250,000	463,530	283,553	66,560	1,063,643
Additions	-	43,639	14,258	29,995	87,892
Disposals	<u>-</u>	<u>(7,325)</u>	<u>-</u>	<u>(14,176)</u>	<u>(21,501)</u>
At 31 October 1998	<u>250,000</u>	<u>499,844</u>	<u>297,811</u>	<u>82,379</u>	<u>1,130,034</u>
<b>DEPRECIATION:</b>					
At 1 November 1997	9,090	327,952	232,175	31,165	600,382
Charge for year	3,030	33,259	16,713	10,910	63,912
Eliminated on disposals	<u>-</u>	<u>(1,662)</u>	<u>-</u>	<u>(10,585)</u>	<u>(12,247)</u>
At 31 October 1998	<u>12,120</u>	<u>359,549</u>	<u>248,888</u>	<u>31,490</u>	<u>652,047</u>
<b>NET BOOK VALUE:</b>					
At 31 October 1998	<u>237,880</u>	<u>140,295</u>	<u>48,923</u>	<u>50,889</u>	<u>477,987</u>
At 31 October 1997	<u>240,910</u>	<u>135,577</u>	<u>51,378</u>	<u>35,396</u>	<u>463,261</u>

The comparable amounts of land and buildings included at valuation determined according to the historic cost accounting rules are as follows:-

	Freehold Properties
	£
<b>COST</b>	125,440
Accumulated depreciation	<u>(30,751)</u>
<b>NET BOOK VALUE</b>	
At 31 October 1998	<u>94,689</u>
At 31 October 1997	<u>96,207</u>

The freehold property was valued by Townsend and Gilbert, Chartered Surveyors, at open market value at 30 October 1994.

**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

**8. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<u>Plant and machinery</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£
<b>COST:</b>			
At 1 November 1997	24,178	56,385	80,563
Transferred to ownership	<u>-</u>	<u>(37,139)</u>	<u>(37,139)</u>
At 31 October 1998	<u>24,178</u>	<u>19,246</u>	<u>43,424</u>
<b>DEPRECIATION:</b>			
At 1 November 1997	-	19,686	19,686
Charge for year	2,418	3,233	5,651
Transferred to ownership	<u>-</u>	<u>(13,372)</u>	<u>(13,372)</u>
At 31 October 1998	<u>2,418</u>	<u>9,547</u>	<u>11,965</u>
<b>NET BOOK VALUE:</b>			
At 31 October 1998	<u>21,760</u>	<u>9,699</u>	<u>31,459</u>
At 31 October 1997	<u>24,178</u>	<u>36,699</u>	<u>60,877</u>

**9. STOCKS**

	31.10.98	31.10.97
	£	£
Stock	215,425	224,167
Work in progress	68,124	83,454
Finished goods	<u>537,039</u>	<u>379,455</u>
	<u>820,588</u>	<u>687,076</u>

**10. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.10.98	31.10.97
	£	£
Trade debtors	520,140	435,077
Other debtors	17,212	246,401
Prepayments	<u>40,963</u>	<u>35,884</u>
	<u>578,315</u>	<u>717,362</u>

**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

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

	31.10.98	31.10.97
	£	£
Bank loans and overdrafts (see note 13)	493,844	487,776
Hire purchase contracts (see note 14)	12,809	27,607
Trade creditors	416,930	537,064
Other creditors	14,371	10,982
Mortgage loans	3,927	234,153
Social security and other taxes	55,996	43,859
Accrued expenses	74,693	73,682
	<u>1,072,570</u>	<u>1,415,123</u>

**12. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	31.10.98	31.10.97
	£	£
Amounts owed to parent company	20,919	18,919
Mortgage loans (see note 13)	168,623	-
Directors loans (see note 13)	521,165	215,000
Other loans	54,103	50,000
Hire purchase contracts (see note 14)	5,438	17,295
	<u>770,248</u>	<u>301,214</u>

**13. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	31.10.98	31.10.97
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	218,968	487,776
Mortgage loans	3,927	234,153
Bank loans	274,876	-
	<u>497,771</u>	<u>721,929</u>
Amounts falling due between two and five years:		
Mortgage loans	18,945	-
Other loans	615,944	265,000
	<u>634,889</u>	<u>265,000</u>
Amounts falling due in more than five years:		
Mortgage loans	149,678	-

Mortgage loans comprise mortgages secured on the freehold property. Bank loans and overdrafts are secured by a fixed charge on the debts, goodwill and other intangible property, a second charge on the freehold property, and a floating charge on the other assets of the company. There is an unlimited cross-guarantee in respect of the parent company, Typhoon Holdings Limited. Other loans and some directors loans bear interest at a rate of 2.5% over inter-bank rates from 1 January 1998.



**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

**14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts	
	31.10.98	31.10.97
	£	£
Gross obligations repayable:		
Within one year	14,379	31,290
Between one and five years	<u>6,905</u>	<u>20,618</u>
	<u>21,284</u>	<u>51,908</u>
Finance charges repayable:		
Within one year	1,570	3,683
Between one and five years	<u>1,467</u>	<u>3,323</u>
	<u>3,037</u>	<u>7,006</u>
Net obligations repayable:		
Within one year	12,809	27,607
Between one and five years	<u>5,438</u>	<u>17,295</u>
	<u>18,247</u>	<u>44,902</u>

The following payments are committed to be paid within one year:

	Operating leases	
	31.10.98	31.10.97
	£	£
Expiring:		
Between one and five years	<u>2,597</u>	<u>-</u>

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	31.10.98	31.10.97	31.10.98	31.10.97
	£	£	£	£
Excess of capital allowances over depreciation	15,761	16,745	-	-
Property revaluation	<u>-</u>	<u>-</u>	<u>34,907</u>	<u>38,231</u>
	15,761	16,745	34,907	38,231
Less:				
Losses carried forward	<u>15,761</u>	<u>16,745</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>34,907</u>	<u>38,231</u>

**Notes to the Financial Statements**  
**for the Year Ended 31 October 1998**

**16. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.10.98	31.10.97
		value:	£	£
5,000	Ordinary Shares	£1	<u>5,000</u>	<u>5,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.10.98	31.10.97
		value:	£	£
3,700	Ordinary Shares	£1	<u>3,700</u>	<u>3,700</u>

**17. REVALUATION RESERVE**

	31.10.98	31.10.97
	£	£
Brought forward	<u>166,222</u>	<u>166,222</u>

**18. OTHER RESERVES**

	31.10.98	31.10.97
	£	£
Brought forward	<u>1,300</u>	<u>1,300</u>

**19. ULTIMATE PARENT COMPANY**

The company's ultimate parent undertaking at the balance sheet date was Typhoon Holdings Limited, a company incorporated in the United Kingdom.

**20. RELATED PARTY DISCLOSURES**

During the year the company made net sales of goods of £92,960 and purchased services of £84,000 from International Safety Products Limited, a company controlled by P.J. Bibby. The net balance due to Typhoon International Limited at 31 October 1998 was £6,025.

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

	31.10.98	31.10.97
	£	£
Loss for the financial year	<u>(151,747)</u>	<u>(405,832)</u>
<b>NET REDUCTION OF SHAREHOLDERS' FUNDS</b>	<u>(151,747)</u>	<u>(405,832)</u>
Opening shareholders' funds	<u>153,740</u>	<u>559,572</u>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<u>1,993</u>	<u>153,740</u>
Equity interests	<u>1,993</u>	<u>153,740</u>

**22. SUBSIDIARY**

The company owns the whole of the issued share capital of Typhoon Sportikel G.m.b.k. (Incorporated in Germany). The subsidiary did not trade during the year, and full provision has been made in respect of the company's investment in previous years. Group accounts have not been prepared on the grounds that the subsidiary is not material for the purposes of giving a true and fair view.