

**LEWMAR MARINE LIMITED**

**REPORT AND ACCOUNTS  
31 DECEMBER 1994**

**COMPANY NUMBER 620277**



**LEWMAR MARINE LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 1994**

The Directors present their report on the affairs of the Company, together with the accounts and auditors' report, for the financial year ended 31 December 1994.

**1. Activities:**

The principal activity of the Company continues to be the design, manufacture and marketing of sophisticated equipment for racing and cruising yachts.

**2. Review of Developments and Future Prospects:**

The Company will continue to seek opportunities in its own field of expertise and to develop its business by the introduction of new products and processes.

**3. Research and Development:**

The Company continues to work towards the development of new products and manufacturing techniques so as to keep the Company at the forefront of its field of expertise.

**4. Results and Dividends:**

The results for the year are shown in the profit and loss account on page 5.

The profit for the year of £1,228,622 (1993 £218,924) has been transferred to retained earnings.

The Directors do not recommend the payment of a dividend (1993: £Nil).

**5. Statement of Directors Responsibilities:**

Company law requires the Directors' to prepare accounts 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 accounts, the Directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the accounts; and
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## **LEWMAR MARINE LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994 (Continued)**

#### **5. Statement of Directors Responsibilities (Continued):**

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 the accounts 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.

#### **6. Statement of Auditors Responsibilities:**

The auditors are required to form an independent opinion on the accounts prepared by the Directors, based on their audit, and to report their opinion to the shareholders. The Companies Act 1985 also requires the auditors to report to shareholders if the following requirements are not met:

- \* that the Company has maintained proper accounting records;
- \* that the accounts are in agreement with the accounting records;
- \* that Director's emoluments and other transactions with Directors are properly disclosed in the accounts; and
- \* that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the Director's report on pages 1 to 3. However the Companies Act 1985 requires auditors to report to the shareholders if the matters contained in the Directors' report are inconsistent with the accounts.

#### **7. Directors and their Respective Shareholdings:**

The Directors who served during the year were as follows:

R D J Huggett	(Resigned 19 April 1994)
S A Hartley	
D P Carter	(South African)
J Blackwood	(Resigned 19 April 1994)
J E D Grunow Jnr	(American) (Resigned 22 April 1994)
I M Sidey	(Resigned 26 May 1994)
M F Stauff	(American) (Removed 14 October 1994)
M M Fajt	(American) (Resigned 22 April 1994)
S L Champtaloup	(Australian) (Resigned 31 March 1994)
H K Holt	(Appointed 27 January 1994)
J J Nolan	(Appointed 27 January 1994; Resigned 10 May 1994)
H Appleby	(American) (Appointed 1 September 1994)
E Wong	(American) (Appointed 1 September 1994)
A Bonetti	(Italian) (Appointed 1 September 1994)
M Quaglini	(Italian) (Appointed 1 September 1994)

No director had any interest in the shares of the Company at any time during the year that is required to be disclosed under schedule 7, paragraph 2 of the Companies Act 1985.

**LEWMAR MARINE LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1994  
(Continued)**

**8. Fixed Assets:**

Information relating to changes in tangible fixed assets and investments is given in Note 9 and Note 10 to the accounts.

**9. Employment of Disabled Persons:**

The Company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes. During the year, no disabled persons were employed compared to none in the preceding year.

**10. Auditors:**

In accordance with Section 384(1) of the Companies Act 1985, a resolution concerning the re-appointment of Arthur Andersen will be proposed at the forthcoming Annual General Meeting.

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

*Helen Holt*

H K HOLT  
Secretary

Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN

9 June 1995

**AUDITORS' REPORT TO THE MEMBERS OF  
LEWMAR MARINE LIMITED**

**To the shareholders of Lewmar Marine Limited**

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 7 to 9.

**Respective Responsibilities of Directors and Auditors:**

As described on pages 1 and 2 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 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 affairs of the Company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
\_\_\_\_\_

Arthur Andersen  
Chartered Accountants & Registered Auditors  
Abbots House  
Abbey Street  
Reading  
RG1 3BD

9 June 1995

**LEWMAR MARINE LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1994**

	<u>Notes</u>	£	<u>1994</u> £	£	<u>1993</u> £
Turnover	2		16,051,220		13,068,250
Cost of Sales			(12,160,098)		(10,341,664)
			<hr/>		<hr/>
Gross Profit			3,891,122		2,726,586
Distribution Costs		(294,503)		(203,672)	
Administration Costs		(1,908,935)		(2,247,292)	
		<hr/>	(2,203,438)	<hr/>	(2,450,964)
			<hr/>		<hr/>
Operating Profit			1,687,684		275,622
Exceptional items	7	-		(180,462)	
Investment Income	3	-		182,462	
Interest Receivable	4	80,335		233,171	
Interest Payable	5	(7,323)		(125,629)	
		<hr/>		<hr/>	
			73,012		109,542
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6		1,760,696		385,164
Taxation on Profit on Ordinary Activities	8		(532,074)		(166,240)
			<hr/>		<hr/>
RETAINED PROFIT FOR THE YEAR			1,228,622		218,924
RETAINED PROFIT at the beginning of the year			8,362,970		8,126,547
Release of revaluation reserve			39,415		17,499
			<hr/>		<hr/>
RETAINED PROFIT at the end of the year			9,631,007		8,362,970
			<hr/>		<hr/>

There are no recognised gains or losses other than those shown in the Profit and Loss Account and no other movements in shareholders funds.

The profit for the year on a historical cost basis would be greater than that shown above by £39,415 due to the revaluation of certain leasehold properties.

The accompanying notes are an integral part of this Profit and Loss Account.

**LEWMAR MARINE LIMITED**

**BALANCE SHEET AT 31 DECEMBER 1994**

	<u>Notes</u>	<u>1994</u> £	<u>1993</u> £
<b>FIXED ASSETS</b>			
Tangible assets	9	3,272,259	3,585,612
Investments	10	1,308,765	6,194,395
		<hr/> 4,581,024	<hr/> 9,780,007
<b>CURRENT ASSETS</b>			
Stocks	11	5,626,643	4,213,433
Debtors	12	6,784,714	7,093,767
Cash at bank		798,886	574,088
		<hr/> 13,210,243	<hr/> 11,881,288
<b>CREDITORS: Amounts falling due within one year</b>	13	(7,403,501)	(5,654,543)
		<hr/> 5,806,742	<hr/> 6,226,745
<b>NET CURRENT ASSETS</b>			
		<hr/> 10,387,766	<hr/> 16,006,752
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(61,713)	(6,688,913)
Provision for Liabilities and Charges	15	(100,000)	(320,408)
		<hr/> 10,226,053	<hr/> 8,997,431
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	75,000	75,000
Revaluation reserve	17	520,046	559,461
Profit and loss account	18	9,631,007	8,362,970
		<hr/> 10,226,053	<hr/> 8,997,431

*Helen Holt*

H K Holt (Director)

*D P Carter*

D P Carter (Director)

The accounts were approved by the Board of Directors on 9 June 1995.  
The accompanying notes are an integral part of this Balance Sheet.

## **LEWMAR MARINE LIMITED**

### **NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994**

#### **1. Accounting Policies:**

The financial statements have been prepared in accordance with applicable accounting standards. The principle accounting policies, all of which have been applied consistently throughout the year and the preceding year, are described below:

##### **a. Basis of Accounting**

The accounts are prepared under the historical cost convention modified to include the revaluation of certain leasehold properties.

##### **b. Consolidated Accounts**

Consolidated accounts have not been prepared as the Company is a subsidiary undertaking within the context of Section 228 Companies Act 1985. The Company's UK parent company is International Marine Systems plc, a company registered in England and Wales.

##### **c. Depreciation**

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets on a straight-line basis over their estimated useful lives as follows:

Freehold land	- Nil depreciation
Leasehold land	- Over remaining life of lease
Freehold buildings	- 25 years
Long leasehold buildings	- Over the lower of 25 years or remaining life of lease
Machinery and equipment	- 7 years
Motor vehicles	- 5 years
Furniture and fittings	- 5-10 years

##### **d. Fixed Asset Investments**

Investments are shown at cost less provisions for any permanent diminution in value.

##### **e. Stocks**

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

Cost comprises direct materials, direct labour and appropriate overhead expenditure.



# **LEWMAR MARINE LIMITED**

## **NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994 (Continued)**

### **1. Accounting Policies (Continued):**

#### **f. Deferred Taxation**

Deferred taxation is provided, at the anticipated tax rates, on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

#### **g. Pension Costs**

The Company operates a contributory defined pension scheme covering the majority of its permanent employees. The funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the defined benefit scheme in accordance with the recommendation of independent actuaries.

The Company's contributions are charged against profits in the year so as to spread the cost over the service lives of employees in the scheme.

#### **h. Foreign Currency**

Trading transactions denominated in foreign currencies are recorded in sterling at the actual exchange rates as at the date of related forward exchange contracts. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reflected in the profit and loss account.

Non-monetary assets and liabilities denominated in foreign currencies at the year end are recorded at the historical exchange rate prevailing at the date of transaction.

#### **i. Research and Development**

Expenditure on research and development is written off as incurred.

#### **j. Leased Assets**

Assets acquired under finance leases are included in tangible fixed assets and the outstanding future lease obligations are shown in creditors. Payments under operating leases are charged to revenue in the year in which they are incurred.

#### **k. Cash Flow Statement**

The Company is exempt from preparing a cash flow statement as required by Financial Reporting Standard 1 as it is a wholly owned subsidiary undertaking within the context of 8(c) of the Standard. A consolidated group cash flow statement is included in the financial statements of International Marine Systems plc, the Company's ultimate UK parent company.

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**1. Accounting Policies (Continued):**

**1. Group Relief**

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. Payments made to group companies for losses surrendered are reflected in the tax charge for the year.

**2. Turnover:**

Turnover consists of sales from continuing operations less returns and allowances after excluding Value Added Tax.

The analysis of turnover by geographical area is as follows:

	<u>1994</u> £	<u>1993</u> £
United Kingdom	2,769,438	2,026,610
Europe (EU)	5,861,957	5,352,712
Europe (Non EU)	1,735,934	905,758
USA	4,509,204	3,613,831
Other	1,174,687	1,169,339
	<hr/> 16,051,220 <hr/>	<hr/> 13,068,250 <hr/>
<b>3. Investment Income:</b>		
Dividend from Subsidiary	-	182,462
	<hr/>	<hr/>
<b>4. Interest Receivable:</b>		
Interest due on deposit accounts	27,621	22,084
Interest due from group companies	52,714	211,087
	<hr/> 80,335 <hr/>	<hr/> 233,171 <hr/>
<b>5. Interest Payable:</b>		
Bank overdrafts repayable within 5 years	-	(61,308)
Interest due to group companies	-	(54,570)
Finance charges on finance leases	(7,323)	(9,751)
	<hr/> (7,323) <hr/>	<hr/> (125,629) <hr/>

# LEWMAR MARINE LIMITED

## NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994 (Continued)

### 6. Profit on Ordinary Activities Before Taxation:

	<u>1994</u> £	<u>1993</u> £
The profit on ordinary activities before taxation is stated after charging:		
a. Directors' remuneration		
Emoluments (including pension contributions)	202,708	230,773
Compensation for loss of office	216,365	Nil

Included within compensation for loss of office costs is £17,693 of benefits in kind relating to pension service credits, and £5,980 in relation to company cars retained by the directors.

The Directors' remuneration disclosed above (excluding pension contributions) includes amounts paid to:

Chairman	Nil	Nil
Highest paid Director	54,798	69,781

Other Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	Number	Number
£Nil - £5,000	9	5
£10,001 - £15,000	1	-
£15,001 - £20,000	1	-
£45,001 - £50,000	1	2
£50,001 - £55,000	1	1

Ten of the Directors who served during the period performed their duties outside the United Kingdom.

### b. Staff Costs

The average number of persons employed by the Company (including Directors) during the period was as follows:

	<u>1994</u> Number	<u>1993</u> Number
Management	25	27
Sales	6	6
Administration	63	57
Production	136	140
	230	230

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**6. Profit on Ordinary Activities Before Taxation (Continued):**

The aggregate payroll costs of these persons comprised:

	<u>1994</u> £	<u>1993</u> £
Wages and Salaries	4,287,798	3,500,837
Social Security Costs	300,923	284,048
Pension Costs	230,389	176,321
	<hr/> 4,819,110 <hr/>	<hr/> 3,961,206 <hr/>
c. Auditors' remuneration for audit	31,500	33,000
d. Auditors' remuneration for other services	-	-
e. Rentals under operating leases:		
Hire of plant and machinery	1,656	72,374
Other operating leases	155,504	152,029
f. Research & Development	531,883	630,218
g. Depreciation	648,602	682,419

**7. Exceptional Item:**

Provision made against investment for permanent diminution in value	-	180,462
--	---	---------

**8. Taxation on Profit on Ordinary Activities:**

Corporation tax at 33 % based upon taxable profit for the year	(1,050,357)	(327,584)
Deferred taxation	350,675	161,344
	<hr/> (699,682) <hr/>	<hr/> (166,240) <hr/>
Adjustments to prior years:		
Corporation tax	123,477	84,895
Deferred taxation	44,131	(84,895)
	<hr/> (532,074) <hr/>	<hr/> (166,240) <hr/>

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**9. Tangible Fixed Assets:**

	Freehold Land & Buildings £	Long Leasehold Buildings £	Plant and Machinery £	Total £
<b>COST/VALUATION</b>				
At 1 January 1994	597,885	1,376,028	6,543,825	8,517,738
Additions	467,779	-	445,397	913,176
Disposals	(579,998)	-	(33,020)	(613,018)
Reclassifications	10,931	-	(10,931)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	496,597	1,376,028	6,945,271	8,817,896
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1 January 1994	7,776	137,889	4,786,461	4,932,126
Provision for year	238	45,962	602,402	648,602
Disposals	(8,014)	-	(27,077)	(35,091)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1994	-	183,851	5,361,786	5,545,637
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUES</b>				
At 31 December 1994	496,597	1,192,177	1,583,485	3,272,259
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	590,109	1,238,139	1,757,364	3,585,612
	<hr/>	<hr/>	<hr/>	<hr/>
Comparable amounts determined according to historical convention:				
Cost	496,597	1,131,511	6,945,271	8,573,379
Accumulated Depreciation	-	(542,936)	(5,361,786)	(5,904,722)
<b>NET BOOK VALUE</b>				
At 31 December 1994	496,597	588,575	1,583,485	2,668,657
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1993	544,145	624,646	1,757,364	2,926,155
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land and buildings includes £496,597 of land which is not subject to depreciation.

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**10. Investments:**

a. The following are included in the cost of investments:

	<u>1994</u> £	<u>1993</u> £
Ordinary shares in subsidiary companies	662,366	3,304,676
Loans to subsidiary companies	646,399	2,889,719
	<hr/> 1,308,765 <hr/>	<hr/> 6,194,395 <hr/>

b. The movement in the period was as follows:

	Ordinary shares in subsidiary companies	Loans to subsidiary companies	Total
COST	£	£	£
At 1 January 1994	3,304,676	2,889,719	6,194,395
Additions	-	15,160	15,160
Sold in year	(2,642,310)	(2,018,545)	(4,660,855)
Repayments	-	(239,935)	(239,935)
	<hr/> 662,366 <hr/>	<hr/> 646,399 <hr/>	<hr/> 1,308,765 <hr/>
At 31 December 1994	662,366	646,399	1,308,765

On 27 January 1994 as part of a group restructuring the company's investment in and loans to Brookes and Gatehouse Limited were transferred to International Marine Systems plc, a fellow group company, at book value.

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**10. Investments (Continued):**

**c. Principal Company Investments**

Details of the principal subsidiaries of the Company are set out below.  
All subsidiaries are wholly owned private companies. Shares of subsidiaries marked \* are held by Lewmar Marine Limited and shares of all other companies are held by subsidiaries.

	Country of incorporation/ registration & main operations	Principal activity
<b><u>Subsidiaries</u></b>		
IMM Sweden AB*	Sweden	Distribution
IMM Sud Europe SARL*	France	Distribution
Waterford Engineering Ltd	Ireland	Manufacturing
Lewmar Mid Europe BV*	Netherlands	Distribution

**11. Stocks:**

	<u>1994</u> £	<u>1993</u> £
Raw materials and consumables	619,963	465,854
Work in progress	2,443,015	1,743,876
Finished goods	2,563,665	2,003,703
	<hr/>	<hr/>
	5,626,643	4,213,433
	<hr/>	<hr/>

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**12. Debtors:**

	<u>1994</u> £	<u>1993</u> £
Trade debtors	880,725	681,673
Other debtors	109,689	118,367
Prepayments and accrued income	92,143	73,057
Amounts owed by parent and fellow subsidiary undertakings	3,229,245	3,522,754
Amounts owed by subsidiary undertakings	2,298,514	2,697,916
Deferred tax asset	174,398	-
	<hr/> 6,784,714 <hr/>	<hr/> 7,093,767 <hr/>

**13. Creditors:  
Amounts falling due within one year**

Trade creditors	1,377,930	918,854
Amounts owed to parent and fellow subsidiary undertakings	1,279,512	1,571,722
Amounts owed to subsidiary undertakings	1,110,884	1,043,192
Corporation tax	530,502	101,754
Group relief payable	1,727,294	1,229,161
Other taxes & social security	92,176	106,862
Accruals	1,258,003	658,235
Finance lease creditor	27,200	24,763
	<hr/> 7,403,501 <hr/>	<hr/> 5,654,543 <hr/>

**14. Creditors:  
Amounts falling due after more than one year**

Amounts owed to parent companies	-	6,600,000
Finance lease creditor	61,713	88,913
	<hr/> 61,713 <hr/>	<hr/> 6,688,913 <hr/>



**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**15. Provision for Liabilities and Charges:**

	Warranty £	Deferred Taxation £	Total £
At 1 January 1994	100,000	220,408	320,408
Charge/(credit) for the period	-	(220,408)	(220,408)
	<hr/>	<hr/>	<hr/>
At 31 December 1994	100,000		100,000
	<hr/>		<hr/>
Credit for the period		(174,398)	
		<hr/>	
Included within debtors		(174,398)	
		<hr/>	

The amount provided for deferred taxation is as follows:

	<u>Provided</u>		<u>Unprovided</u>	
	<u>1994</u> £	<u>1993</u> £	<u>1994</u> £	<u>1993</u> £
Due to capital allowances	(85,636)	(79,005)	392,031	392,395
Due to other timing differences	(88,762)	299,413	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(174,398)	220,408	392,031	392,395
	<hr/>	<hr/>	<hr/>	<hr/>

**16. Called up Share Capital:**

	<u>1994</u>	<u>1993</u>
Authorised Ordinary Shares of £1 each	80,000	80,000
	<hr/>	<hr/>
Issued and fully paid Ordinary Shares of £1 each	75,000	75,000
	<hr/>	<hr/>

**17. Revaluation Reserve:**

On May 23, 1991 the long leasehold properties of the Company were revalued to £1,265,000 by Lambert, Smith & Hampton (Consultant Surveyors and Valuers) to their values at March 29, 1991. The properties were revalued on the basis of an Open Market valuation.

The excess of the revaluation of properties over the book value of these properties has been credited to the revaluation reserve.

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**18. Reserves:**

All reserves are considered by the directors to be distributable, except for the revaluation reserve of £520,046 (December 1993: £559,461)

**19. Guarantees and Other Financial Commitments:**

**a. Capital Commitments**

At the end of the year, capital commitments were:

	<u>1994</u> £	<u>1993</u> £
Contracted for	125,941	99,785
Authorised but not contracted for	997,140	-
	<hr/> 1,123,081 <hr/>	<hr/> 99,785 <hr/>

**b. Foreign Currency Commitments**

At the end of the year, a subsidiary undertaking had entered into contracts totalling £1,711,482 (1993 £2,288,928) to sell foreign currencies up to seven months into the future as a hedge against foreign currency fluctuations.

**c. Pension arrangements**

The Company operates a defined benefit pension scheme for all qualified employees. The assets of this scheme are held in separate trustee administered funds. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 6th April 1993 using the projected unit method in which the actuarial liability is calculated by summing the present value of all benefits accrued at the valuation date. The following actuarial assumptions were applied:

Investment returns	10.0 % per annum
Salary growth	8.0 % per annum
Pensions increase	the lower of RPI or 5 % per annum

At the last actuarial valuation date the market value of the assets of the scheme was £2,107,000 and the actuarial value was sufficient to cover 96 % of the benefits which had accrued to members, after allowing for expected future increases in earnings. To overcome this deficit the Company's contribution rate was increased from 1 January 1994.

**LEWMAR MARINE LIMITED**

**NOTES TO ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 1994  
(Continued)**

**19. Guarantees and Other Financial Commitments (Continued):**

**d. Leasing Commitments**

The company leases certain land and buildings. The minimum annual rentals under these leases are as follows:

Operating leases which expire:	Property	
	<u>1994</u>	<u>1993</u>
	£	£
- within 1 year	53,670	80,500
- within 2 - 5 years	-	-
- after 5 years	75,000	75,000
	<hr/>	<hr/>
	128,670	155,500
	<hr/>	<hr/>

**e. Other Guarantees**

The Company has guaranteed the lease of the premises occupied by Brookes & Gatehouse Limited; the annual rental being £142,000 per annum.

**20. Ultimate Parent Company:**

The ultimate parent company is Ferruzzi Finanziaria S.p.A., a company incorporated in Italy. The parent company of the smallest group for which group accounts are prepared is International Marine Systems plc, a company registered in England. The immediate parent holding company is Lewmar Ltd, a company registered in England.

Copies of the financial statements of the latter two companies can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

Copies of the Ferruzzi Finanziaria S.p.A. Group financial statements can be obtained from the Tribunal of Ravenna, Italy.