

K BOATS LIMITED

Registration Number

4382508

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K BOATS LIMITED**Report of the Directors**

The Directors present their report and the financial statements for the year ended 28 February 2005

Principal Matters and Business Review

The company's business is the purchase and resale of K6 boats. The Directors believe that this new class of dinghy has been well received in the market and will satisfy the needs of discerning sailors.

The results for the year were acceptable with turnover in line with forecast. There was an increase in the price of raw materials and labour which increase could not be recovered in the selling price of each boat

Share capital

There was no change in either the authorised or issued share capital during the year.

Results for the period

The company made a profit for the period of £3,684 (2004 - £9,526). The company has a tax liability of £34 (2004 - £Nil) for the period. The Directors are satisfied with the results for the period and have no further comments thereon.

Dividend and Transfer to Reserves

The Directors do not recommend payment of a dividend for the period. It is proposed that the profit after tax of £3,650 be transferred to reserves.

Directors and their interests

The directors during the period and their interest in the company at the beginning and end of the year were --

	Class of Shares	Number of Shares at 29 February 2004	Number of Shares at 28 February 2005
PA Young	Ord	1	1
M Fawcett	Ord	1	1

Auditors

Auditors have not been appointed as the turnover is below the level prescribed in the Companies Act at which level auditors must be appointed

By Order of the Board

P A YOUNG
Director
10 September 2005

Unit 7
Station Yard
Edington
Westbury
Wiltshire
BA13 4NT

K BOATS LIMITED

STATEMENT OF RESPONSIBILITIES OF DIRECTORS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 that are reasonable and prudent;
- state whether applicable accounting 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 this is inappropriate.

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.

**ACCOUNTANTS' REPORT TO THE DIRECTORS
OF K BOATS LIMITED**

As described on the balance sheet you are responsible for the preparation of Accounts for the year ended 28 February 2005 as set out on Pages 4 to 9. You consider that the company is exempt from an audit and a report under Section 249A(1) of the Companies Act 1985.

In accordance with your instructions, we have compiled these unaudited accounts, in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A handwritten signature in dark ink, appearing to read 'Morgan & Co', is positioned above the company name.

MORGAN & CO
Chartered Accountants

**30 Cardy Road,
Hemel Hempstead,
Herts HP1 1SQ**

10 September 2005

K BOATS LIMITED**Profit and Loss Account
for the year ended 28 February 2005**

	Notes	2005 £	2004 £
Sales	1,2	99,545	78,574
Cost of Sales		(93,827)	(63,632)
Gross Profit		5,718	14,942
Administrative expenses		(1,933)	(5,363)
Interest received and other income	6	(101)	(53)
Profit for the period on ordinary activities before tax	3- 5	3,684	9,526
Tax on ordinary activities	7	(34)	-
Profit for the year		3,650	9,526
Profit and Loss Account At 29 February 2004		13,162	3,636
At 28 February 2005		16,812	13,162

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Recognised gains and Losses

The company has no recognised gains or losses in the period above other than those dealt with in the Profit and Loss Account

Continuing Activities

All activities of the company are continuing

K BOATS LIMITED**Balance sheet as at 28 February 2005**

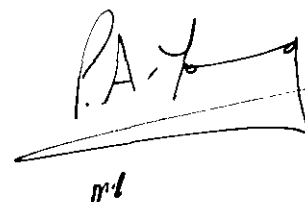
	Notes	2005 £	2004 £
Tangible Fixed Assets	8	58,685	-
Current Assets			
Stock	9	14,894	22,894
Debtors	10	12,381	66,769
Cash at bank		11,688	601
		38,963	90,264
Creditors: Amounts falling due within one year	11	(35,131)	(15,167)
Net Current Assets		3,832	75,097
Creditors repayable in more than one year	12	(45,703)	(61,933)
		16,814	13,164
Capital and Reserves			
Called up share capital	13	2	2
Profit and Loss Account		16,812	13,162
ORDINARY SHAREHOLDERS FUNDS	14	16,814	13,164

The Directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A(1) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit under Section 249(B)(2). The Directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and for preparing accounts which give a true and fair view of the state of affairs of the company at 28 February 2005 and of its profit for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Act relating to accounts so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 10 September 2005 and are signed on its behalf by -

P A YOUNG
Director



K BOATS LIMITED**Cash Flow Statement
for the year ended 28 February 2005**

	2005	2004
	£	£
Reconciliation of Operating Profit to net cash inflow/ (outflow) from operating activities		
Operating Profit	3,583	9,473
Depreciation of fixed tangible assets	1,315	-
Decrease/ (Increase) in stock	8,000	(8,000)
Decrease/ (Increase) in debtors	54,388	(7,752)
(Decrease)/ Increase in creditors	19,964	(5,700)
	<hr/>	<hr/>
Cash inflow/ (outflow) from operating activities	87,250	(11,979)
	<hr/>	<hr/>
Returns on Investment		
Interest received	101	53
	<hr/>	<hr/>
Investing Activities		
Acquisition of fixed tangible assets	(60,000)	-
	<hr/>	<hr/>
Taxation paid	(34)	-
	<hr/>	<hr/>
	27,317	(11,926)
Other Funds		
Loans (repaid)	(16,230)	(10,000)
	<hr/>	<hr/>
Net cash (outflow)/ inflow for the year	11,087	(21,926)
Cash at bank and on hand at 29 February 2004	601	22,527
	<hr/>	<hr/>
Cash at bank and on hand at 28 February 2005	11,688	601
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in Net Debt		
Increase/ (Decrease) in cash resources	11,087	(21,926)
Repayment of loans	16,230	10,000
Net Debt at 29 February 2004	(61,332)	(49,406)
	<hr/>	<hr/>
Net Debt at 28 February 2005	(34,015)	(61,332)
	<hr/> <hr/>	<hr/> <hr/>



K BOATS LIMITED**Notes to the financial statements
for the year ended 28 February 2005****1 Accounting Policies*****Basis of Accounting***

The financial statements have been prepared under the historical cost convention in accordance with Section 228 of, and Schedule 4 to, the Companies Act 1985, and in accordance with Statements of Standard Accounting Practice. The policies have been applied consistently in dealing with items which are considered material to the company's financial statements

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

Depreciation

Depreciation is provided to write off the cost of fixed tangible assets over their estimated useful lives at the following rates -

Moulds	10 Years
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Stock

Stock represents the cost of boats purchased for resale.

Leased Assets

Where assets are financed by leasing agreements which transfer risks and rewards approximating to ownership, they are treated as if they had been purchased outright on credit. They are recorded as a fixed asset and at a liability equal to the fixed value of the asset.

Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element which reduces the outstanding obligation for future instalments.

Turnover

Turnover represents the total service charges and other related income received during the year. The amount does not include VAT

Pensions

The company does not provide a pension fund for directors.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made to the extent that it is expected that such deferred taxation will be payable in the foreseeable future.

2 Turnover

Turnover was received from third parties within the United Kingdom and Europe and comprised -

	2005 £	2004 £
Sale of boats	99,545	78,574

Approximately 35% (2004 -30%) of the boats were sold to customers in the European Union excluding the UK during the year. The remainder of the sales were to UK customers.

3 Operating Profit

Operating Profit is stated after -

	2005 £	2004 £
Accounting fee		
Current year	835	700
Prior year	55	175
	900	875
Depreciation of fixed tangible assets	1,315	-

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K BOATS LIMITED**Notes to the financial statements
for the year ended 28 February 2005 (continued)****4 Staff Costs**

The company employed no staff during the year, other than the Director whose remuneration is disclosed in Note 5.

5 Director's Remuneration

	2005 £	2004 £
Remuneration paid to the Director during the period was	-	-

The company did not contribute to the Director's pension fund during the period

6 Interest received and other income

	2005 £	2004 £
Interest received	101	53

7 Taxation

	2005 £	2004 £
UK Corporation tax at 0% on ordinary profits for the period -		
Current	-	-
Prior	34	-
	34	-

UK Corporation tax has not been provided as the company's taxable income for the year is below the minimum level at which tax is payable

8 Tangible Fixed Assets

	Moulds	Total
Cost		
Balance at 29 February 2004	-	-
Additions in year	60,000	60,000
Balance at 28 February 2005	60,000	60,000
Depreciation		
Balance at 29 February 2004	-	-
Charge in year	1,315	1,315
Balance at 28 February 2005	1,315	1,315
Net Book Value		
At 28 February 2005	58,685	58,685
At 29 February 2004	-	-

9 Stock

	2005 £	2004 £
Boats for resale	14,894	22,894

11/

K BOATS LIMITED**Notes to the financial statements
for the year ended 28 February 2005 (continued)****10 Debtors**

	2005	2004
	£	£
Trade	2,615	18,944
Advance to related company	-	45,696
Other debtors	6,300	-
VAT	3,466	2,129
	<u>12,381</u>	<u>66,769</u>

Debtors are recoverable within one year

11 Creditors: Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	19,355	1,701
Accruals	15,776	13,466
	<u>35,131</u>	<u>15,167</u>

12 Creditors repayable in more than one year

	2005	2004
	£	£
Unsecured loan from Shareholder bearing no interest and repayable after 28 February 2006	<u>45,703</u>	<u>61,933</u>
Amounts repayable -		
Within one year	-	-
Within two - three years	<u>45,703</u>	<u>61,933</u>
	<u>45,703</u>	<u>61,933</u>

13 Share Capital

	2005	2004
	£	£
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

14 Reconciliation of Movements in Shareholders Funds

	2005	2004
	£	£
Ordinary Shareholders Funds at 29 February 2004	13,164	3,638
Profit for the year	3,650	9,526
Ordinary Shareholders Funds at 28 February 2005	<u>16,814</u>	<u>13,164</u>

15 Transactions with related party

The company purchased moulds costing £60,000 (2004- goods costing £57,916) from a related party at arms length during the year. The advance of £45,696 at 29 February 2004 was repaid during the year.

16 Commitments

The company has no commitments for operating leases at 28 February 2005 (2004 - £Nil)