

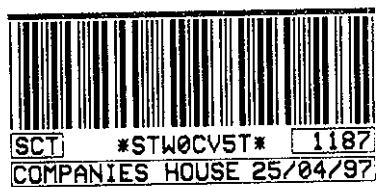
REPORT AND ACCOUNTS

Whitelink Seafoods Limited

Registered Number 138829

30 JUNE 1996

U.



Whitelink Seafoods Limited

DIRECTORS

James Sutherland
Marie Sutherland

SECRETARY

Marie Sutherland

AUDITORS

Ernst & Young
50 Huntly Street
Aberdeen AB10 1ZN

BANKERS

Barclays Bank plc
1 Rubislaw Terrace
Aberdeen AB9 1BE

Bank of Scotland
Seaforth Street
Fraserburgh AB43 5BB

SOLICITORS

Ledingham Chalmers
1 Golden Square
Aberdeen AB9 1HA

REGISTERED OFFICE

Maxwell Place
Fraserburgh AB43 5SX

REGISTERED NUMBER

138829

Whitelink Seafoods Limited

DIRECTORS' REPORT

The directors present their report for the year ended 30 June 1996.

ACCOUNTS AND DIVIDEND

The directors submit the audited accounts of the company in respect of the year to 30 June 1996. The profit for the year amounting to £364,567 (1995 £202,922) has been dealt with as shown in the profit and loss account.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company relates to the sale of fish.

DIRECTORS

The directors during the year were those listed on page 1.

DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985, the directors' interests in the share capital of the company were as follows:

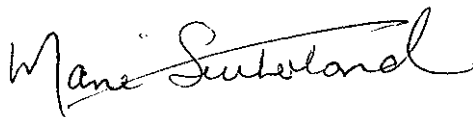
	<i>Ordinary shares 1996 and 1995</i>
James Sutherland	40,000
Marie Sutherland	40,000

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board

M Sutherland
Secretary



27 March 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 period. 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.
- 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 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.

REPORT OF THE AUDITORS
to the members of Whitelink Seafoods Limited

We have audited the accounts on pages 5 to 16 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

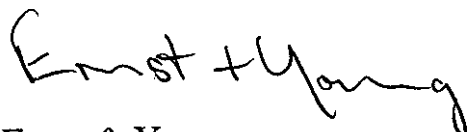
Basis of opinion

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 accounts, 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 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 the accounts give a true and fair view of the state of the company's affairs at 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Aberdeen

27 March 1997

Whitelink Seafoods Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	2	13,478,682	10,270,074
OPERATING COSTS		<u>12,897,830</u>	<u>9,944,910</u>
OPERATING PROFIT	3	580,852	325,164
Other income	6	13,431	25,654
Interest payable and similar charges	7	<u>(44,466)</u>	<u>(59,872)</u>
		549,817	290,946
Taxation	8	<u>185,250</u>	<u>88,024</u>
RETAINED PROFIT FOR THE YEAR		<u><u>364,567</u></u>	<u><u>202,922</u></u>

A statement of movements on reserves and in shareholders' funds can be found in note 20.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year to 30 June 1996

There are no gains and losses for the year other than those already dealt with in the profit and loss account.

Whitelink Seafoods Limited

BALANCE SHEET

at 30 June 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	9	752,441	729,851
Investment property	10	49,136	49,136
		<u>801,577</u>	<u>778,987</u>
CURRENT ASSETS			
Property for sale		60,000	60,000
Stocks		52,047	64,377
Debtors	11	1,086,794	1,172,433
Bank and cash in hand	12	351,220	674
		<u>1,550,061</u>	<u>1,297,484</u>
CREDITORS: amounts falling due within one year			
Trade and other creditors	13	1,039,487	1,163,679
Taxation		187,672	97,137
		<u>1,227,159</u>	<u>1,260,816</u>
NET CURRENT ASSETS		<u>322,902</u>	<u>36,668</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,124,479	815,655
CREDITORS: amounts falling due after more than one year			
	14	172,574	222,068
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	16,014	14,838
ACCRUALS AND DEFERRED INCOME			
Deferred grants	18	103,682	111,107
		<u>832,209</u>	<u>467,642</u>
Called up share capital	19	120,000	100,000
Profit and loss account	20	712,209	347,642
TOTAL SHAREHOLDERS' FUNDS		<u>832,209</u>	<u>467,642</u>

J Sutherland)

) Directors

M Sutherland)

27 March 1997

Whitelink Seafoods Limited

STATEMENT OF CASH FLOWS

for the year ended 30 June 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	650,049	613,605
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		7,018	552
Interest paid		(35,575)	(50,614)
Interest element of finance lease rental payments		(8,891)	(9,258)
(Loss)/gain on foreign exchange		(1,119)	1,983
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(38,567)</u>	<u>(57,337)</u>
TAXATION			
Corporation tax paid		<u>(97,137)</u>	<u>(36,848)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(87,655)	(51,028)
Receipts from sales of tangible fixed assets		8,910	9,666
Receipt of deferred grants		-	45,449
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		<u>(78,745)</u>	<u>4,087</u>
NET CASH INFLOW BEFORE FINANCING		<u>435,600</u>	<u>523,507</u>
FINANCING			
Issue of ordinary share capital	19	-	(20,000)
Repayments of capital element of finance lease rental payments	16	50,432	74,772
Repayment of capital element of bank loan	15	14,506	12,155
NET CASH OUTFLOW FROM FINANCING		<u>64,938</u>	<u>66,927</u>
INCREASE IN CASH AND CASH EQUIVALENTS	12	<u>370,662</u>	<u>456,580</u>
		<u>435,600</u>	<u>523,507</u>

Major non-cash transactions:

During the year, the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £26,493 (1995 - £143,872).

NOTES ON THE ACCOUNTS

at 30 June 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Stocks

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

Depreciation

Fixed assets are depreciated as follows:

Heritable buildings	50 years straight line
Plant and equipment	4 years reducing balance
Motor vehicles	5 years straight line
Office equipment	5 years straight line

Investment property

Investment property is carried at open market value based on the most recent professional or directors' valuation and is not depreciated.

Deferred grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

Leased assets

Assets held under leasing arrangements and hire purchase contracts that transfer substantially all the risk and rewards of ownership to the company are capitalised. The capital element of the related rental obligation is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS

at 30 June 1996

2. TURNOVER

Turnover which is attributable to one continuing activity, comprises the invoice value of goods and services supplied, exclusive of VAT.

Turnover is attributable to different geographical markets as follows:

	1996 £	1995 £
United Kingdom	5,235,158	3,180,659
Rest of Europe	8,243,524	7,089,415
	<u>13,478,682</u>	<u>10,270,074</u>

3. OPERATING PROFIT

(a) Operating profit is stated after charging:

	1996 £	1995 £
Depreciation	89,033	79,292
Directors' remuneration	86,505	65,724
Leasing	1,237	2,569
Auditors' remuneration	5,500	7,250
	<u>182,275</u>	<u>154,835</u>

(b) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:

	1996 £	1995 £
Operating profit	628,637	325,164
Depreciation	89,033	79,292
Profit on disposal of tangible fixed assets	(6,385)	(2,035)
Decrease in debtors	85,639	317,836
Decrease/(increase) in stocks	12,330	(28,654)
Decrease in creditors	(159,205)	(77,998)
Net cash inflow/(outflow) from operating activities	<u>650,049</u>	<u>613,605</u>

4. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Fees	<u>86,505</u>	<u>65,724</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No	1995 No
£30,001 - £35,000	-	2
£40,001 - £45,000	2	-
	<u>2</u>	<u>2</u>

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS

at 30 June 1996

5. STAFF COSTS

	1996 £	1995 £
Wages and salaries	581,000	483,017
Social security costs	54,822	47,471
	<u>635,822</u>	<u>530,488</u>

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

	1996 No	1995 No
Management and office staff	10	9
Factory	39	43
	<u>49</u>	<u>52</u>

6. OTHER INCOME

	1996 £	1995 £
(Loss)/gain on foreign exchange	(1,119)	1,983
Bank interest receivable	6,518	552
Rent receivable	500	-
Deferred grant released (note 18)	7,425	23,119
Interest on tax payment	107	-
	<u>13,431</u>	<u>25,654</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Bank loans and overdraft	35,575	48,483
Other loans	-	2,131
Finance charges payable under finance leases and hire purchase contracts	8,891	9,258
	<u>44,466</u>	<u>59,872</u>

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS

at 30 June 1996

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Based on the profit for the year:		
UK corporation tax at 33% (1995 - 28%)	187,672	74,615
Deferred taxation (note 17)	(1,547)	12,029
	<u>186,125</u>	<u>86,644</u>
Corporation tax (over)/underprovided in previous years	(3,597)	1,380
Deferred tax underprovided in previous years	2,722	-
	<u><u>185,250</u></u>	<u><u>88,024</u></u>

9. TANGIBLE FIXED ASSETS

	<i>Heritable property</i> £	<i>Plant and equipment</i> £	<i>Motor vehicles</i> £	<i>Office equipment</i> £	<i>Total</i> £
Cost:					
At 30 June 1995	424,689	278,576	155,464	34,312	893,041
Additions	-	77,829	35,748	876	114,453
Disposals	-	-	(16,478)	(305)	(16,783)
	<u>424,689</u>	<u>356,405</u>	<u>174,734</u>	<u>34,883</u>	<u>990,711</u>
Depreciation:					
At 30 June 1995	14,168	77,714	62,439	8,869	163,190
Charge for year	7,613	47,730	27,371	6,319	89,033
Disposals	-	-	(13,953)	-	(13,953)
	<u>21,781</u>	<u>125,444</u>	<u>75,857</u>	<u>15,188</u>	<u>238,270</u>
Net book value:					
At 30 June 1996	<u>402,908</u>	<u>230,961</u>	<u>98,877</u>	<u>19,695</u>	<u>752,441</u>
At 30 June 1995	<u>410,521</u>	<u>200,862</u>	<u>93,025</u>	<u>25,443</u>	<u>729,851</u>

Included in heritable property is land valued at £47,000 which is not depreciated.

The depreciation and net book value of assets held under hire purchase agreements amount to £35,838 and £123,118 (1995 £24,935 and £109,933) respectively.

10. FIXED ASSET - INVESTMENTS

	1996 £	1995 £
Investment property	<u>49,136</u>	<u>49,136</u>

In the directors' opinion the market value at 30 June 1996 is not significantly different from cost.

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS

at 30 June 1996

11.	DEBTORS			1996 £	1995 £
	Trade debtors			968,440	1,090,017
	Sundry debtors and prepayments			49,366	33,913
	Fishsalesmen's guarantees			68,988	48,503
				1,086,794	1,172,433
				1,086,794	1,172,433
12.	CASH AND CASH EQUIVALENTS				
		1996	<i>Change</i>	1995	<i>Change</i>
		£	<i>in year</i>	£	<i>in year</i>
			£		£
	Cash at bank and in hand	351,220	350,546	674	(6,715)
	Bank overdraft	(128,791)	20,116	(148,907)	463,295
		222,429	370,662	(148,233)	456,580
		222,429	370,662	(148,233)	456,580
				1996 £	1995 £
	At 1 July			(148,233)	(604,813)
	Net cash inflow			370,662	456,580
				222,429	(148,233)
				222,429	(148,233)
13.	CREDITORS - amounts falling due within one year			1996 £	1995 £
	Bank loans (note 15)			15,433	13,500
	Bank overdrafts			128,791	148,907
	Trade creditors			584,038	642,383
	Due to Valemar Sea Products Limited			76,215	131,154
	Sundry creditors and accruals			150,818	129,376
	Hire purchase creditor (note 16)			53,416	44,300
	PAYE / NIC			19,533	16,429
	Directors' loan account			11,243	37,630
				1,039,487	1,163,679
				1,039,487	1,163,679

The directors' loans are unsecured, bear interest at 2% above bank base rate and have no fixed repayment dates.

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS

at 30 June 1996

14.	CREDITORS: amounts falling due after more than one year		
		<i>1996</i>	<i>1995</i>
		£	£
	Bank loans (note 15)	156,202	172,641
	Hire purchase creditor (note 16)	16,372	49,427
		<u>172,574</u>	<u>222,068</u>

15.	BANK LOANS		
		<i>1996</i>	<i>1995</i>
		£	£
	Not wholly repayable within five years:		
	£200,000 term loan at base plus 3%, repayable		
	in monthly instalments over 10 years	171,635	186,141
	Less: included in creditors: amounts falling due		
	within one year	15,433	13,500
		<u>156,202</u>	<u>172,641</u>
	Amounts repayable:		
	In one year or less	15,433	13,500
	Between one and two years	16,994	15,433
	Between two and five years	39,365	35,722
		<u>71,792</u>	<u>64,645</u>
	In five years or more	99,843	121,496
		<u>171,635</u>	<u>186,141</u>

The Bank of Scotland holds a bond and floating charge over the assets of the company and a standard security over the lease of premises at Starboat Quay, Fraserburgh.

Analysis of changes in bank loans:

		<i>1996</i>	<i>1995</i>
		£	£
	At 1 July	186,141	198,296
	Repayments	(31,481)	(31,481)
	Interest applied	16,975	19,326
		<u>171,635</u>	<u>186,141</u>

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS

at 30 June 1996

16. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1996 £	1995 £
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	61,693	52,326
Within two to five years	19,767	59,204
	<u>81,460</u>	<u>111,530</u>
Less: Finance charges allocated to future periods	(11,672)	(17,803)
	<u>69,788</u>	<u>93,727</u>

Finance leases and hire purchase contracts are analysed as follows:

	£	£
Current obligations	53,416	44,300
Non-current obligations	16,372	49,427
	<u>69,788</u>	<u>93,727</u>

Analysis of changes in finance leases and hire purchase contracts during the current and previous years:

	1996 £	1995 £
At 1 July	93,727	24,627
Inception of finance lease contracts	26,493	143,872
Capital element of finance lease rental payments	(50,432)	(74,772)
	<u>69,788</u>	<u>93,727</u>

17. DEFERRED TAXATION

Deferred taxation is provided in the accounts as follows:

	1996 £	1995 £
Capital allowances in advance of depreciation	16,014	15,022
Other timing differences	-	(183)
	<u>16,014</u>	<u>14,838</u>

Whitelink Seafoods Limited

NOTES ON THE ACCOUNTS at 30 June 1996

18. ACCRUALS AND DEFERRED INCOME

	1996 £	<i>Deferred grants</i> 1995 £
Balance at 1 July	111,107	88,777
Received during the year	-	45,449
Released during the year	(7,425)	(23,119)
	<u>103,682</u>	<u>111,107</u>
Balance at 30 June	<u>103,682</u>	<u>111,107</u>

19. SHARE CAPITAL

	1996 £	1995 £
Authorised Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid Ordinary shares of £1 each	<u>120,000</u>	<u>120,000</u>

During the year 20,000 ordinary shares of £1 each, with an aggregate normal value of £20,000, were issued at par.

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total shareholders' funds</i> £
Balance at 30 June 1994	100,000	144,720	244,720
Shares issued	20,000	-	20,000
Profit for year	-	202,922	202,922
	<u>120,000</u>	<u>347,642</u>	<u>467,642</u>
Balance at 30 June 1995	120,000	347,642	467,642
Profit for year	-	364,567	364,567
	<u>120,000</u>	<u>712,209</u>	<u>832,209</u>
Balance at 30 June 1996	<u>120,000</u>	<u>712,209</u>	<u>832,209</u>

21. CAPITAL COMMITMENTS

	1996 £	1995 £
Contracted	<u>-</u>	<u>-</u>

NOTES ON THE ACCOUNTS

at 30 June 1996

22. GUARANTEE GRANTED AND CONTINGENT LIABILITIES

The company has granted a cross guarantee for all sums due by a related company, Valemar Sea Products Limited.

At the year end the bank borrowings which have been guaranteed by the company amount to £Nil.

At the year end £198,000 (1995 £115,000) of fishsalesmen's indemnities were outstanding in the normal course of trade.

23. TRANSACTIONS WITH DIRECTORS

During the year £3,757,114 (1995 £2,682,320) sales were made to Valemar Sea Products Limited as part of normal trading. James and Marie Sutherland are also directors of Valemar Sea Products Limited.