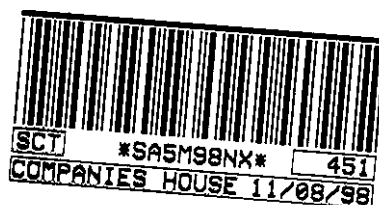


# Whitelink Seafoods Limited

## Report and Accounts

30 June 1997

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# Whitelink Seafoods Limited

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Registered No. 138829

## **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

Société Generale  
Boulogne Sur Mer  
60 Rue Victor Hugo  
62200 Boulogne Sur Mer

## **SOLICITORS**

Ledingham Chalmers  
1 Golden Square  
Aberdeen  
AB9 1HA

## **REGISTERED OFFICE**

Maxwell Place  
Fraserburgh  
AB43 5SX

# Whitelink Seafoods Limited

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## DIRECTORS' REPORT

The directors present their report for the year ended 30 June 1997.

### ACCOUNTS AND DIVIDEND

The directors submit the audited accounts of the company in respect of the year to 30 June 1997. The profit for the year amounting to £228,448 (1996 £364,567) 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 1997 and 1996</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



29 June 1998

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; 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 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 6 to 17, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 4 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.

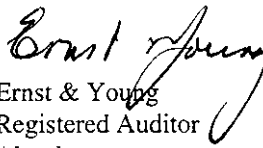
**Basis of opinion**

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 affairs of the company as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Registered Auditor  
Aberdeen

29 June 1998

# Whitelink Seafoods Limited

## PROFIT AND LOSS ACCOUNT for the year ended 30 June 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
<b>TURNOVER</b>	2	14,105,277	13,478,682
<b>OPERATING COSTS</b>		13,760,393	12,895,911
<b>OPERATING PROFIT</b>	3	344,884	582,771
Other income	6	5,108	13,431
Interest payable and similar charges	7	(35,466)	(46,385)
		<u>314,526</u>	<u>549,817</u>
Taxation	8	86,078	185,250
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>228,448</u>	<u>364,567</u>

A statement of movements on reserves and in shareholders' funds can be found in note 19.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year to 30 June 1997

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 1997

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,197,488	752,441
Investment property	10	51,136	49,136
		<u>1,248,624</u>	<u>801,577</u>
<b>CURRENT ASSETS</b>			
Property for sale		60,000	60,000
Stocks		28,116	52,047
Debtors	11	1,538,931	1,086,794
Bank and cash in hand		17,914	351,220
		<u>1,644,961</u>	<u>1,550,061</u>
<b>CREDITORS: amounts falling due within one year</b>	12	1,472,992	1,227,159
<b>NET CURRENT ASSETS</b>		<u>171,969</u>	<u>322,902</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,420,593</u>	<u>1,124,479</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	223,771	172,574
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	38,660	16,014
<b>ACCRUALS AND DEFERRED INCOME</b>			
Deferred grants	17	97,505	103,682
		<u>1,060,657</u>	<u>832,209</u>
Called up share capital	18	120,000	120,000
Profit and loss account	19	940,657	712,209
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>1,060,657</u>	<u>832,209</u>

J Sutherland )

) Directors

M Sutherland )

29 June 1998

*[Handwritten signatures]*  
M. Sutherland

# Whitelink Seafoods Limited

## STATEMENT OF CASH FLOWS for the year ended 30 June 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	23 (a)	247,185	650,049
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	23 (b)	(25,565)	(37,448)
<b>TAXATION</b>	23 (b)	(100,000)	(97,137)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	23 (b)	(431,941)	(78,745)
<b>FINANCING</b>	23 (b)	(93,968)	(64,938)
<b>(DECREASE)/INCREASE IN CASH</b>		<u>(404,289)</u>	<u>371,781</u>

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
(Decrease)/increase in cash		(404,289)	371,781
Cash used to repay capital element of finance			
Lease payments		78,155	50,432
Cash used to repay borrowings		15,813	14,506
Change in net debt resulting from cash flows	23 (c)	<u>(310,321)</u>	<u>436,719</u>
New finance leases		(164,732)	(26,493)
Translation difference		(10,970)	(1,119)
<b>MOVEMENT IN NET DEBT</b>		<u>(486,023)</u>	<u>409,107</u>
<b>NET DEBT AT 1 JULY 1996</b>	23 (c)	<u>(18,994)</u>	<u>(428,101)</u>
<b>NET DEBT AT 30 JUNE 1997</b>	23 (c)	<u>(505,017)</u>	<u>18,994</u>



# Whitelink Seafoods Limited

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## NOTES ON THE ACCOUNTS

at 30 June 1997

### 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.

#### *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS

at 30 June 1997

### 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:

	1997 £	1996 £
United Kingdom	5,397,285	5,235,158
Rest of Europe	8,707,992	8,243,524
	<u>14,105,277</u>	<u>13,478,682</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	1997 £	1996 £
Depreciation of owned fixed assets	105,339	53,195
Depreciation of assets held under finance leases and hire purchase contracts	45,402	35,838
Directors' remuneration	138,717	86,505
Operating lease rentals - plant and machinery	5,620	1,237
Auditors' remuneration	5,500	5,500
	<u>300,578</u>	<u>222,275</u>

### 4. DIRECTORS' EMOLUMENTS

	1997 £	1996 £
Fees	106,189	86,505
Pensions	31,828	-
	<u>138,017</u>	<u>86,505</u>

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

	1997 No	1996 No
£40,001 - £45,000	-	2
£50,001 - £55,000	2	-
	<u>2</u>	<u>2</u>

### 5. STAFF COSTS

	1997 £	1996 £
Wages and salaries	716,167	581,000
Social security costs	70,142	54,822
Pensions	25,495	-
	<u>811,804</u>	<u>635,822</u>

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS

at 30 June 1997

### 5. STAFF COSTS (continued)

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

	1997 No	1996 No
Management and office staff	12	10
Factory	55	39
	<u>67</u>	<u>49</u>

### 6. OTHER INCOME

	1997 £	1996 £
Loss on foreign exchange	(10,970)	(1,119)
Bank interest receivable	9,901	6,518
Rent receivable	-	500
Deferred grant released (note 17)	6,177	7,425
Interest on tax payment	-	107
	<u>5,108</u>	<u>13,431</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Bank loans and overdraft	22,757	35,575
Other interest payable	239	-
Finance charges payable under finance leases and hire purchase contracts	11,594	8,891
Loan interest	876	1,919
	<u>35,466</u>	<u>46,385</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year:		
UK corporation tax at 33% (1996 - 28%)	74,502	187,672
Deferred taxation (note 16)	14,373	(1,547)
	<u>88,875</u>	<u>186,125</u>
Corporation tax over provided in previous years	(11,070)	(3,597)
Deferred tax underprovided in previous years	8,273	2,722
	<u>86,078</u>	<u>185,250</u>

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS at 30 June 1997

### 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 1996	424,689	356,405	174,734	34,883	990,711
Additions	130,000	228,102	243,251	3,920	605,273
Disposals	-	-	(12,400)	-	(12,400)
At 30 June 1997	554,689	584,507	405,585	38,803	1,583,584
Depreciation:					
At 30 June 1996	21,781	125,444	75,857	15,188	238,270
Charge for year	7,720	76,135	59,845	7,041	150,741
Disposals	-	-	(2,915)	-	(2,915)
At 30 June 1997	29,501	201,579	132,787	22,229	386,096
Net book value:					
At 30 June 1997	525,188	382,928	272,798	16,574	1,197,488
At 30 June 1996	402,908	230,961	98,877	19,695	752,441

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 £45,402 and £236,475 (1996 £35,838 and £123,118) respectively.

### 10. FIXED ASSET - INVESTMENTS

	1997 £	1996 £
Investment property	51,136	49,136

In the directors' opinion the market value at 30 June 1997 is not significantly different from cost.

### 11. DEBTORS

	1997 £	1996 £
Trade debtors	1,184,794	968,440
Sundry debtors and prepayments	24,194	32,608
Fishsalesmen's guarantees	67,109	68,988
Due from Whitelink France	247,182	16,758
Due from Quiveshore	15,652	-
	1,538,931	1,086,794

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS at 30 June 1997

### 12. CREDITORS - amounts falling due within one year

	1997 £	1996 £
Corporation tax	151,104	187,672
Bank loans (note 14)	16,995	15,433
Bank overdrafts	210,744	128,791
Trade creditors	703,225	584,038
Due to Valemar Sea Products Limited	62,224	76,215
Sundry creditors and accruals	220,568	150,818
Hire purchase creditor (note 15)	71,421	53,416
PAYE/NIC	29,025	19,533
Directors' loan account	7,686	11,243
	<u>1,472,992</u>	<u>1,227,159</u>

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

### 13. CREDITORS: amounts falling due after more than one year

	1997 £	1996 £
Bank loans (note 14)	138,827	156,202
Hire purchase creditor (note 15)	84,944	16,372
	<u>223,771</u>	<u>172,574</u>

### 14. BANK LOANS

	1997 £	1996 £
Not wholly repayable within five years:		
£200,000 term loan at base plus 3%, repayable in monthly instalments over 10 years	155,822	171,635
Less: included in creditors: amounts falling due within one year	16,995	15,433
	<u>138,827</u>	<u>156,202</u>
Amounts repayable:		
In one year or less	16,995	15,433
Between one and two years	18,728	16,994
Between two and five years	43,380	39,365
	<u>79,103</u>	<u>71,792</u>
In five years or more	76,719	99,843
	<u>155,822</u>	<u>171,635</u>

The Bank of Scotland holds a bond and floating charge over the assets of the company and standard Securities over the lease of premises and processing factory.

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS at 30 June 1997

### 14. BANK LOANS (continued)

Analysis of changes in bank loans:

	1997 £	1996 £
At 1 July	171,635	186,141
Repayments	(31,481)	(31,481)
Interest applied	15,668	16,975
	<u>155,822</u>	<u>171,635</u>

### 15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1997 £	1996 £
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	81,628	61,693
Within two to five years	96,204	19,767
	<u>177,833</u>	<u>81,460</u>
Less: Finance charges allocated to future periods	(21,468)	(11,672)
	<u>156,365</u>	<u>69,788</u>

Finance leases and hire purchase contracts are analysed as follows:

	£	£
Current obligations	71,421	53,416
Non-current obligations	84,944	16,372
	<u>156,365</u>	<u>69,788</u>

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

	1997 £	1996 £
At 1 July	69,788	93,727
Inception of finance lease contracts	164,732	26,493
Capital element of finance lease rental payments	(78,155)	(50,432)
	<u>156,365</u>	<u>69,788</u>

### 16. DEFERRED TAXATION

Deferred taxation is provided in the accounts as follows:

	1997 £	1996 £
Capital allowances in advance of depreciation	16,014	16,014
Charge for the year	14,373	-
Deferred tax underprovided in previous years	8,273	-
	<u>38,660</u>	<u>16,014</u>

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS at 30 June 1997

### 17. ACCRUALS AND DEFERRED INCOME

	1997	<i>Deferred grants</i> 1996
	£	£
Balance at 1 July	103,682	111,107
Released during the year	(6,177)	(7,425)
Balance at 30 June	<u>97,505</u>	<u>103,682</u>

### 18. SHARE CAPITAL

	1997	1996
	£	£
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>

### 19. 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 1995	120,000	347,642	467,642
Profit for year	-	364,567	364,567
Balance at 30 June 1996	<u>120,000</u>	<u>712,209</u>	<u>832,209</u>
Profit for year	-	228,448	228,448
Balance at 30 June 1997	<u>120,000</u>	<u>940,657</u>	<u>1,060,657</u>

### 20. CAPITAL COMMITMENTS

	1997	1996
	£	£
Contracted	<u>243,890</u>	<u>-</u>

### 21. 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 £160,000 (1996 £198,000) of fishsalesmen's indemnities were outstanding in the normal course of trade.

# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS

at 30 June 1997

### 22. RELATED PARTY TRANSACTIONS

During the year the company sold goods to Valemar Sea Products Limited, a company in which both James and Marie Sutherland are directors. The sales transactions for the year amounted to £4,034,938. At the balance sheet date overpayments have been made and as a result the amount due to Valemar Sea Products Limited was £62,224.

During the year company lent money to a partnership in which James and Marie Sutherland's sons, Graham and James are partners. In total £93,500 was lent to this partnership and an invoice for £77,848 was raised for fish purchased by the company from Quive Shore. At the balance sheet date, an amount of £15,652 was due to Whitelink Seafoods Limited.

During the year the company also made sales to Whitelink France Sarl, a company incorporated in France in which James and Marie Sutherland's daughters, Marie and Valerie are directors. Sales for the year totalled £520,195 and at the balance sheet date, an amount of £247,182 was due to Whitelink Seafoods Limited.

### 23. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of operating profit to cash inflow from operating activities.

	1997 £	1996 £
Operating profit	344,884	628,637
Depreciation	150,741	89,033
Profit on sale of tangible fixed assets	(1,115)	(6,385)
Decrease in stocks	23,931	12,330
(Increase)/decrease in debtors	(452,137)	85,639
Increase/(decrease) in creditors	180,881	(159,205)
Net cash in flow from operational activities	<u>247,185</u>	<u>650,049</u>

b) Analysis of cash flows for headings netted in the statement of cash flows

### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	1997 £	1996 £
Interest received	9,901	7,018
Interest paid	(23,872)	(35,575)
Interest element of finance lease rental payments	(11,594)	(8,891)
	<u>(25,565)</u>	<u>(37,448)</u>

### TAXATION

	1997 £	1996 £
UK corporation tax paid	<u>(100,000)</u>	<u>(97,137)</u>



# Whitelink Seafoods Limited

## NOTES ON THE ACCOUNTS

at 30 June 1997

### 23. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	1997 £	1996 £
Payment to acquire tangible fixed assets	(442,541)	(87,655)
Receipts from sales of tangible fixed assets	10,600	8,910
	<u>(431,941)</u>	<u>(78,745)</u>

#### FINANCING

	1997 £	1996 £
Repayment of borrowings	(15,813)	(14,506)
Capital element of finance lease rental payments	(78,155)	(50,432)
	<u>(93,968)</u>	<u>(64,938)</u>

#### (c) Analysis of changes in net debt

	At 1 July 1996 £	Cash flow £	Other changes £	Exchange differences £	At 30 June 1997 £
Cash at bank and in hand	351,220	(322,336)	-	(10,970)	17,914
Overdraft	(128,791)	(81,953)	-	-	(210,744)
Debt due within one year	(15,433)	(1,562)	-	-	(16,995)
Debt due after one year	(156,202)	17,375	-	-	(138,827)
Finance lease contract	(69,788)	78,155	(164,732)	-	(156,365)
Total	<u>(18,994)</u>	<u>(310,321)</u>	<u>(164,732)</u>	<u>(10,970)</u>	<u>(505,017)</u>

#### (d) 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 lease of £164,732 (1996 - £26,493).