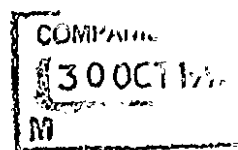


ONWARD FISHING COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER, 1991
Registration no. 69212

Page 1



ONWARD FISHING COMPANY LIMITED

DIRECTORS' REPORT

31ST DECEMBER 1991

The directors present their report and the audited financial statements for the six months to 31st December 1991.

Principal activities

The principal activity of the company is fishing.

Business review

The results for the year and the financial position of the company are as shown in the annexed financial statements. The company will benefit in future years from the fishing record currently being established by M.V. Glenrose.

Profit, dividends and appropriations

The results for the period are shown in the profit and loss account on page 3.

Directors

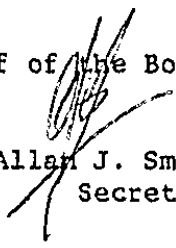
The directors of the company during the period and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31st December, 1991	30th June, 1991
	Ordinary shares	Ordinary shares
Mrs. M. Taylor	1	1
T. Taylor	18,239	18,239

Auditors

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the Board


Allen J. Smart
Secretary

Aukland Road,
Fish Docks,
GRIMSBY.
28th August, 1992

ONWARD FISHING COMPANY LIMITED

AUDITORS' REPORT

Auditors' report to the members of Onward Fishing Company Limited

We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards.

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because the company had an excess of liabilities over assets at 31st December 1991 of £73,143. Further, the company is currently renegotiating its bank facilities.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Subject to the company being able to continue trading, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1991 and of its profit and source and application of funds for the period from 1st July, 1991 to 31st December, 1991 and have been properly prepared in accordance with the Companies Act 1985.

Kidsons Impey

Kidsons Impey
Registered Auditors
Chartered Accountants

Aberdeen
28th August, 1992

KIDSONS IMPEY

ONWARD FISHING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

for the six months ended 31st December, 1991

	Note	Six months ended 31st December 1991 £	Year ended 30th June 1991 £
Turnover		846,352	588,294
Cost of sales		(584,890)	(518,733)
Gross profit		261,462	69,561
Administrative expenses		(68,020)	(81,244)
Other operating income		1,778	9,001
Operating profit/(loss)	2	195,220	(2,682)
Interest payable	4	(88,754)	(185,442)
Exceptional item	5	-	(223,569)
Profit/(loss) on ordinary activities before taxation		106,466	(411,693)
Taxation	6	-	26,463
Profit/(loss) for the period	15	106,466	(385,230)

ONWARD FISHING COMPANY LIMITED

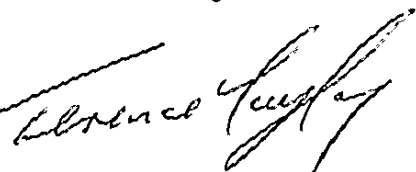
BALANCE SHEET

At 31st December, 1991

	Note	31st December 1991 £	£	30th June 1991 £	£
Fixed assets					
Tangible assets	7		2,751,092		2,800,000
Current assets					
Debtors	8	648,901		676,645	
Cash at bank and in hand		2,400		2,186	
		<u>651,301</u>		<u>678,831</u>	
Creditors : amounts falling due within one year	9	(1,306,465)		(1,413,809)	
Net current liabilities			<u>(655,164)</u>		<u>(734,978)</u>
Total assets less current liabilities			2,095,928		2,065,022
Creditors : amounts falling due after more than one year	10	(965,698)		(1,010,012)	
Provisions for liabilities and charges	12	(31,640)		(31,640)	
Accruals and deferred income	13	<u>(1,171,733)</u>	<u>(2,169,071)</u>	<u>(1,202,979)</u>	<u>(2,244,631)</u>
			<u>(73,143)</u>		<u>(179,609)</u>
Capital and reserves					
Called up share capital	14		322,400		322,400
Profit and loss account	15		<u>(395,543)</u>		<u>(502,009)</u>
			<u>(73,143)</u>		<u>(179,609)</u>

The financial statements on pages 3 to 10 were approved by the board of directors on 28th August, 1992

T. Taylor



Director

ONWARD FISHING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the period ended 31st December, 1991

	Six months ended 31st December 1991		Year ended 30th June 1991	
	£	£	£	£
Source of funds				
Profit/(loss) on ordinary activities before taxation		106,466		(411,693)
Items not involving the movement of funds				
Capital grants transfer	(31,246)		(46,869)	
Depreciation	48,908		117,801	
Provision for diminution in value of fixed assets	-	17,662	223,569	294,501
		124,128		(117,192)
Other sources				
Share capital paid up	-		130,000	
Loans received	24,332		1,471,474	
Capital grants received	-	24,332	618,572	2,220,046
		148,460		2,102,854
Application of funds				
Additions to fixed assets	-		(1,447,763)	
Repayment of loans	(113,243)	(113,243)	(107,936)	(1,555,699)
		35,217		547,155
Increase in working capital				
Debtors	(27,744)		659,231	
Creditors other than dividends, taxation, loans and bank overdrafts	23,311	(4,433)	(204,614)	454,617
Increase/(reduction) in net liquid funds				
Bank loans and overdrafts	39,436		360,105	
Cash at bank and in hand	214	39,650	(267,567)	92,538
		35,217		547,155

ONWARD FISHING COMPANY LIMITED

NOTES ON FINANCIAL STATEMENTS 31st December, 1991

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern basis

The ability of the company to continue in business is dependent upon the continuing support of its bankers. The directors believe that negotiations with the company's bankers will be successful. In consequence the financial statements have been drawn up on a going concern basis.

Depreciation

Depreciation of fixed assets is charged by annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over the expected useful lives which are as follows:

Fishing vessel and equipment 20 years

Government grants

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant assets by equal annual instalments.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. Exchange differences are included in operating profit.

2. Operating profit/(loss)

	Six months to 31st December 1991 £	Year to 30th June 1991 £
Operating profit/(loss) is stated after crediting:		
Transfer from capital expenditure grants deferred credit	31,246	46,869
and after charging		
Auditors remuneration	1,500	1,000
Hire of equipment	1,785	736
Depreciation	48,908	117,801

ONWARD FISHING COMPANY LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December, 1991
(continued)

	Six months to 31st December 1991 £	Year to 30th June 1991 £
3. Directors and employees		
Staff costs	.	
Wages and salaries	-	2,378
Social security costs	-	248
	<u>Nil</u>	<u>2,626</u>
Directors remuneration	<u>Nil</u>	<u>Nil</u>
	No.	No.
Average number employed	<u>Nil</u>	<u>1</u>

The company's fishing vessel is crewed by self employed share fishermen. Share money paid to these fishermen is included in cost of sales.

4. Interest payable	£	£
Bank loans and overdrafts	16,414	80,111
Loans not wholly repayable within five years	<u>72,340</u>	<u>105,331</u>
	<u>88,754</u>	<u>185,442</u>
5. Exceptional item		
Provision for diminution in value of fishing vessel	<u>Nil</u>	<u>223,569</u>
6. Taxation		
Corporation tax on profit on ordinary activities at 25%	-	-
Deferred taxation	-	-
Adjustments in respect of previous years		
Corporation tax	-	(58,103)
Deferred tax	-	<u>31,640</u>
	<u>Nil</u>	<u>(26,463)</u>

No tax is payable for the period due to the incidence of losses brought forward.

ONWARD FISHING COMPANY LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December, 1991
(continued)

7. Tangible fixed assets

	Fishing vessel and equipment £
Cost	
30th June, 1991 and 31st December, 1991	<u>3,141,370</u>
Depreciation	
30th June, 1991	341,370
Charge for period	<u>48,908</u>
31st December, 1991	<u>390,278</u>
Net book amount	
31st December, 1991	<u>2,751,092</u>

8. Debtors

	31st December 1991 £	30th June 1991 £
Grants receivable	602,066	602,066
Directors current accounts	17,007	11,872
Other debtors	16,263	30,958
Prepayments and accrued income	<u>13,565</u>	<u>31,749</u>
	<u>648,901</u>	<u>676,645</u>

9. Creditors - amounts falling due within one year

	31st December 1991 £	30th June 1991 £
Bank loans and overdrafts (see note 11)	300,459	339,895
Loans (see notes 10 and 11)	728,929	773,526
Trade creditors	168,723	197,513
Other taxation and social security	-	734
Other creditors	73,979	73,979
Accruals	<u>34,375</u>	<u>28,162</u>
	<u>1,306,465</u>	<u>1,413,809</u>

ONWARD FISHING COMPANY LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December, 1991
(continued)

	31st December 1991 £	30th June 1991 £
10. Creditors - amounts falling due after more than one year		
Loans (see note 11)	<u>965,698</u>	<u>1,010,012</u>
Loans are repayable by instalments as follows		
Instalments repayable within five years	1,278,097	1,322,694
Instalments repayable in more than five years	<u>416,530</u>	<u>460,844</u>
	1,694,627	1,783,538
Less due within one year	<u>(728,929)</u>	<u>(773,526)</u>
	<u>965,698</u>	<u>1,010,012</u>

A loan amounting to £1,358,822 is repayable by half yearly instalments of £90,588 reducing to £51,146 with interest at 7 1/2 % per annum. A second loan amounting to £153,125 is repayable by quarterly instalments of £4,375 with interest at 2 % over base. A third loan amounting to £182,680 is repayable by quarterly instalments of £4,375 with interest at 1 1/2 % over LIBOR.

Included in grants receivable in debtors is an amount of £552,195 arising in respect of the initial cost of M.V. Glenrose. The company has undertaken to apply the grant, when received, to reduce the loan of £1,358,822 thereby reducing the amount of future half yearly instalments.

11. Securities granted

The loan amounting to £1,358,822 is secured by a charge over the fishing vessel owned by the company. The second and third loans totalling £335,805, together with all other amounts due to the company's bankers, are secured by a floating charge incorporating a fixed charge over book debts, and by a charge over the fishing vessel.

12. Provisions for liabilities and charges

	£	£
Deferred taxation	<u>31,640</u>	<u>31,640</u>

Provision has been made for the full potential liability in respect of capital gains held over.

Corporation tax losses amounting to approximately £200,000 are available to offset trading losses in future years.

ONWARD FISHING COMPANY LIMITED

NOTES ON FINANCIAL STATEMENTS

31st December, 1991
(continued)

13. Accruals and deferred income

£

Capital expenditure grants deferred credit

At 30th June, 1991

1,202,979

Transfer to profit and loss account

(31,246)

At 31st December, 1991

1,171,733

Under certain circumstances grants totalling £1,249,848 may become repayable.

14. Called up share capital

31st December
1991

30th June
1991

Number of
shares

£

Number of
shares

£

Authorised

Ordinary shares of £10 each

40,000

400,000

40,000

400,000

Allotted, called up and fully paid

Ordinary shares of £10 each

32,240

322,400

32,240

322,400

15. Profit and loss account

£

30th June, 1991

(502,009)

Profit for the period

106,466

31st December, 1991

(395,543)