

958001

Directors' Report and Accounts

GOLDEN SEA PRODUCE LIMITED

31 December 1986

Ernst & Whinney



Ernst & Whinney

GOLDEN SEA PRODUCE LIMITED

DIRECTORS' REPORT

Directors: H Skinnemoen (Chairman)  
G W Mace (Managing Director)  
B A St G Thwaites  
J G Speirs  
J Swensen  
K J Ringstad

Secretary: Stephen J Warren

Registered office: Bridge House, 69 London Road, Twickenham, Middlesex

The directors present their report for the year ended 31 December 1986.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the company for the year ended 31 December 1986. The profit for the period attributable to shareholders amounts to £731,043 and is dealt with as shown in the consolidated profit and loss account. No dividend is proposed.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

During the year the activities of the group consisted of the farming of various marine species.

FIXED ASSETS

On 1 January 1986 the Sea Life Centres operated by the company were transferred at net book value to a company incorporated for that purpose within the Norsk Hydro Group. Movements in fixed assets are given in note 12 to the accounts.

FUNDS FLOW STATEMENT

In view of the dependency of the company on group funding, the directors have decided not to present a Funds Flow Statement as required by Statement of Standard Accounting Practice No 10.

STOCKS

The basis of valuation of stocks has changed in that direct overheads attributable to fish production are now included and accordingly the accounts incorporate a prior year adjustment. The results for 1985 have been restated to reflect the new basis of valuation.

DIRECTORS

The directors listed above held office during the year.

GOLDEN SEA PRODUCE LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

No directors had any interest in the share capital of the company or its subsidiary throughout the period.

AUDITORS

Ernst & Whinney 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



Secretary

16 March 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF GOLDEN SEA PRODUCE LIMITED

We have audited the accounts set out on pages 4 to 14 in accordance with approved auditing standards. These have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1986 and of the profit of the group for the year then ended and comply with the Companies Act 1985.

The company has not complied with the requirements of Statement of Standard Accounting Practice No 10 in that it has not presented a source and application of funds statement.

*Ernst & Whinney*

Glasgow

16 March 1987

## GOLDEN SEA PRODUCE LIMITED

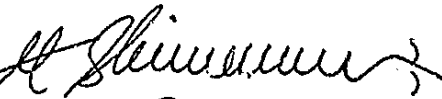

4

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1986

	Note	1986 £	1985 £
TURNOVER	3	4,482,491	3,263,540
Operating costs	4	3,260,797	2,634,377
GROUP OPERATING PROFIT	5	1,221,694	629,163
Interest receivable and other income	7	67,473	41,873
Interest payable	8	(296,136)	(391,409)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		993,031	279,627
Taxation	9	261,988	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		731,043	279,627
PROFIT FOR THE FINANCIAL PERIOD		731,043	279,627
STATEMENT OF ACCUMULATED LOSSES			
Balance at 31 December 1985			
As previously reported	10	(274,475)	(389,102)
Prior year adjustment		337,000	172,000
		62,525	(217,102)
Profit for the period		731,043	279,627
Balance at 31 December 1986	11	£793,568	£62,525

## 3

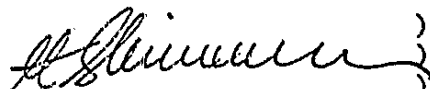
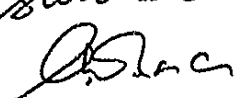
# Assembly Bill

	Note	1986 £	1985 £
<b>FIXED ASSETS</b>			
Tangible assets	12	2,119,511	2,431,450
<b>CURRENT ASSETS</b>			
Stocks	13	2,509,181	2,073,787
Debtors	14	949,806	184,563
Cash in bank and in hand		1,386	48,364
		<u>3,460,373</u>	<u>2,306,714</u>
<b>CREDITORS - amounts falling due , within one year</b>			
Bank overdraft		16,712	-
Obligations under finance leases	15	81,367	77,073
Amounts owned to parent and fellow subsidiary companies		1,963,186	1,948,413
Group relief creditor		261,988	-
Trade and other creditors	16	341,695	383,698
		<u>2,664,948</u>	<u>2,409,184</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>795,425</u>	<u>(102,470)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,914,936</u>	<u>2,328,980</u>
<b>CREDITORS - amounts falling due after more than one year</b>			
	17	1,067,369	1,212,456
		<u>1,847,567</u>	<u>1,116,524</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	1,000,000	1,000,000
Profit and loss account	11	793,568	62,525
Revaluation reserve		53,999	53,999
 			
		Directors	
16 MARCH 1987.			
		<u>£1,847,567</u>	<u>£1,116,524</u>

## GOLDEN SEA PRODUCE LIMITED

BALANCE SHEET - 31 DECEMBER 1986

	Note	1986 £	1985 £
<b>FIXED ASSETS</b>			
Tangible assets	12	2,119,511	2,431,450
<b>CURRENT ASSETS</b>			
Stocks	13	2,509,181	2,073,787
Debtors	14	1,010,731	176,658
Cash in bank and in hand		1,386	48,364
		<u>3,521,298</u>	<u>2,298,809</u>
<b>CREDITORS - amounts falling due within one year</b>			
Bank overdraft		16,712	-
Obligations under finance leases	15	81,367	77,075
Amount due to subsidiary		-	136,066
Amounts owned to parent and fellow subsidiary companies		1,963,186	1,743,517
Group relief creditor		261,988	-
Trade and other creditors	16	341,695	383,698
		<u>2,664,948</u>	<u>2,340,354</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>856,350</u>	<u>(41,545)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,975,861</u>	<u>2,389,905</u>
<b>CREDITORS - amounts falling due after more than one year</b>			
	17	1,067,369	1,212,456
		<u>£1,908,492</u>	<u>£1,177,449</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	1,000,000	1,000,000
Profit and loss account		854,493	123,450
Revaluation Reserve		53,999	53,999
		<u>£1,908,492</u>	<u>£1,177,449</u>

 }  
 } Directors

1 FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared under the going concern concept because the ultimate holding company has agreed to provide adequate funds for the company to meet its liabilities as they fall due.

2 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary for the year ended 31 December.

(c) Depreciation

Freehold land is not depreciated. The cost or valuation of other fixed assets is written off over the expected useful lives of the assets as follows:

Freehold buildings	50 years
Leasehold property	over the period of the lease
Machinery and equipment	3-10 years
Motor vehicles	3-4 years

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of ongrown fish costs include direct labour, feed and direct overheads attributable to fish production.

(e) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

(f) Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

(g) Government grants

Grants are credited to reserves and released to the profit and loss account over the useful life of the assets.

(h) Leased assets

Assets held on finance leases are shown as part of the company's fixed assets whilst the obligations in respect of the capital element of the lease funding are included in creditors.



GOLDEN SEA PRODUCE LIMITED

NOTES ON THE ACCOUNTS - 31 DECEMBER 1986

8

3 TURNOVER

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT and intra-group transactions.

A geographical analysis is as follows:

	1986 £	1985 £
United Kingdom	2,018,734	1,363,947
Other European countries	2,249,163	1,899,593
USA	214,594	-
	<hr/>	<hr/>
	£4,482,491	£3,263,540
	<hr/>	<hr/>

4 OPERATING COSTS

	1986 £	1985 £
Increase in stocks	(378,176)	(523,571)
Raw materials and consumables	1,635,614	1,419,260
Staff costs:		
Wages and salaries	606,941	566,651
Social Security costs	46,585	44,325
Other pension costs	41,332	36,307
Depreciation	469,923	402,810
Other operating charges	838,578	688,595
	<hr/>	<hr/>
	£3,260,797	£2,634,377
	<hr/>	<hr/>

5 GROUP OPERATING PROFIT is stated after charging:

	1986 £	1985 £
Hire of plant and equipment	11,338	13,032
Auditors' remuneration	16,000	9,500
Directors' remuneration, including pension contributions	60,056	50,022
	<hr/>	<hr/>

GOLDEN SEA PRODUCE LIMITED

NOTES ON THE ACCOUNTS - 31 DECEMBER 1986

9

6. EMOLUMENTS OF DIRECTORS

The emoluments, excluding pension contributions, of the directors of the company are detailed as follows:

	1986 £	1985 £
Chairman		
Highest paid director	27,883	23,984
Other directors in scale:		
Not more than £5,000	3	4
£10,001 - £15,000	-	-
£15,001 - £20,000	-	-
£20,001 - £25,000	1	1

7. INTEREST RECEIVABLE AND OTHER INCOME

	1986 £	1985 £
Interest from group companies	32,614	13,304
Other interest	7,618	2,618
Rental income	27,241	25,951
	<hr/>	<hr/>
	£67,473	£41,873
	<hr/>	<hr/>

8. INTEREST PAYABLE

	1986 £	1985 £
Leased assets	52,866	16,482
Group loans	89,339	124,199
FELOS account	153,931	250,728
	<hr/>	<hr/>
	£296,136	£391,409
	<hr/>	<hr/>

## 9 TAXATION

	1986 £	1985 £
Amount payable for group relief	£261,988	£ =

## 10 PRIOR YEAR ADJUSTMENT

In 1986 the company changed its accounting policy in respect of the valuation of stocks. Direct overheads attributable to fish production are now included within the valuation of stocks. The effect of this change in policy is to credit the reserves with £337,000.

## 11 PROFIT AND LOSS ACCOUNT

	1986 £	1985 £
Retained by:		
The company	854,493	123,450
Subsidiary - Scottish Sea Farms Ltd	(60,925)	(60,925)
	<u>£793,568</u>	<u>£62,525</u>

The company has not presented its own profit and loss account for the period ended 31 December 1985. Of the group profit for the financial period, £731,043 has been dealt with in the accounts of the company.

## 12 TANGIBLE ASSETS

	Freehold land and buildings £	Buildings on lease- hold land £	Machinery & equipment £	Motor vehicles £	Total £
GROUP AND COMPANY					
NON LEASED ASSETS					
Cost or valuation					
At 1 January 1986	8,511	1,303,424	1,817,147	131,187	3,260,269
Additions during period	-	84,336	792,255	72,622	949,213
Disposals	-	(651,610)	(253,184)	(52,316)	(957,110)
	8,511	736,150	2,356,218	151,493	3,252,372
Depreciation					
At 1 January 1986	1,196	292,934	733,617	63,124	1,090,871
Charge for period	171	64,597	340,280	36,085	441,133
Disposals	-	(97,195)	(41,284)	(26,213)	(164,692)
	1,367	260,336	1,032,613	72,996	1,367,312
Net book value					
At 31 December 1986	7,144	475,814	1,323,605	78,497	1,885,060
GROUP AND COMPANY					
LEASED ASSETS					
Cost or valuation					
At 1 January 1986	-	85,167	468,812	-	553,979
Additions during period	-	-	7,363	-	7,363
At 31 December 1986	-	85,167	476,175	-	561,342
Depreciation					
At 1 January 1986	-	24,750	267,177	-	291,927
Charge for period	-	8,517	26,447	-	34,964
At 31 December 1986	-	33,267	293,624	-	326,891
Net book value					
At 31 December 1986	-	51,900	182,551	-	234,451
Total assets					
Net book value					
At 31 December 1986	£7,144	£527,714	£1,506,156	£78,497	£2,119,511
Net book value					
At 31 December 1985	£7,315	£1,070,907	£1,285,165	£68,063	£2,431,450

## 13 STOCKS

	GROUP AND COMPANY	
	1986	1985
	£	£
Materials and feed	250,305	194,164
Ongrowing fish	2,258,876	1,879,623
	<u>£2,509,181</u>	<u>£2,073,787</u>

## 14 DEBTORS

	GROUP		COMPANY	
	1986	1985	1986	1985
	£	£	£	£
Trade debtors	457,385	45,329	457,385	45,329
Prepayments and accrued income	67,690	72,065	67,690	72,065
Amount owned by subsidiary company	-	-	60,925	-
Amounts owed by Parent and Fellow Subsidiary companies	308,334	3,892	308,334	3,892
Other debtors	116,397	63,277	116,397	55,372
	<u>£949,806</u>	<u>£184,563</u>	<u>£1,010,731</u>	<u>£176,658</u>

## 15 OBLIGATIONS UNDER FINANCE LEASES

The capital amounts due under finance lease obligations are as follows:

	GROUP AND COMPANY	
	1986	1985
	£	£
Within one year	81,367	77,073
Within two to five years (note 17)	185,043	266,410
	<u>£266,410</u>	<u>£343,483</u>

## 16 TRADE AND OTHER CREDITORS

	GROUP AND COMPANY	
	1986	1985
	£	£
Trade creditor	205,295	268,702
Social security	20,400	22,139
Accruals and deferred income	116,000	92,857
	<u>£341,695</u>	<u>£383,698</u>

## 17 CREDITORS - amounts falling due after more than one year

	GROUP AND COMPANY	
	1986	1985
	£	£
Subordinated interest bearing loans		
Capital amounts due under finance lease obligations within two to five years	714,998	762,665
Deferred grants	185,043	266,410
	167,328	183,381
	<hr/>	<hr/>
	£1,067,369	£1,212,456

The amount of the subordinated interest bearing loans falling due for payment after more than five years is £238,332. This loan is payable twice yearly and interest is charged at 1% above the prevailing base rate.

## 18 CALLED UP SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid £
At 31 December 1985 Ordinary shares of £1 each	£1,000,000	£1,000,000
At 31 December 1986 Ordinary shares of £1 each	£1,000,000	£1,000,000

## 19 FINANCIAL COMMITMENTS

At 31 December authorised future capital expenditure before deduction of available government grants amounted to:

	GROUP AND COMPANY	
	1986	1985
	£	£
Contracted	95,000	232,500
Not contracted	1,299,600	1,355,000

## 20 SUBSIDIARY COMPANY

	Class of shares	Country of incorporation	Proportion held
Scottish Sea Farms Limited	Ordinary £1	Scotland	100%

## 21 HOLDING COMPANY

The company's ultimate holding company is Norsk Hydro AS, a company incorporated in Norway.

## 22 STAFF NUMBERS

The average number of persons employed by the group, including directors, during the period was as follows:

	1986	1985
Management		
Administration	13	12
Fish farming and ancillary activities	7	9
	41	44
	<hr/>	<hr/>
	61	65
	<hr/>	<hr/>

## 23 CONTINGENT LIABILITIES

The company has a contingent liability which the board estimates to be £30,000 in respect of liabilities under the terms of the lease of the land at Hunterston.