

Seamark plc

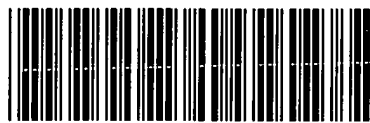
Directors Report and Financial Statements

For the Year Ended

31 December 2019

Company Number: 02575875

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Seamark plc

Report and Financial Statements for the year ended 31 December 2019

Company Information

Directors	Mr. I. Ahmed Mr. K. Ahmed Mr. B. Ahmed
Company Secretary	Mr. B. Ahmed
Registered Number	02575875
Registered Office	Hulme Hall Lane Lord North Street Miles Platting Manchester M40 8AD
Independent Auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Bankers	Barclays 3 Hardman Street Manchester M3 3HF

Seamark plc

Report and financial statements for the year ended 31 December 2019

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Seamark plc

Strategic Report

for the year ended 31 December 2019

The directors present their strategic report and audited financial statements for the year ended 31 December 2019.

In accordance with the Companies Act 2006, the company has prepared the financial statements in accordance with United Kingdom Accounting Standards, specifically FRS 102.

Principal activities

The principal activity of the company continues to be that of the storage, processing, wholesaling import and export of frozen seafood. The company also operates in the restaurant retail sector.

Business review

The focus during 2019 was reducing working capital and borrowing and whilst this restrained our ability to grow the business, we improved the margin and control of expenses despite a 5% reduction in sales. Our strategy was successful in generating a positive cash flow of £10.6M and a consequent reduction in borrowing of £10M and the improvements we have made to our supply chain operations have put us in a favourable position to operate with a lower level of borrowing going forward.

Administrative expenses have improved as a result of sterling volatility and include an exchange gain of £220,447 in contrast to a loss of £685,160 in 2018.

Operational profit is £810,381 (2018 - £276,668).

The borrowing position net of cash is reduced from £14,248,920 to £4,225,242 as a result of reduced working capital and related party loans.

The trading conditions remain challenging and the prolonged uncertainty has made strategic planning difficult but scenario planning has been undertaken and the directors are confident that we will be able to adapt to whatever outcome transpires and to secure continued success for the business.

The Pandemic has had an impact on our operations in 2020. We have made operational changes to adapt and mitigate any loss from this and we expect to still show a profit in 2020.

The accounts are prepared on a going concern basis. The invoice discounting has been renewed until March 2022. A revolving credit facility is in place until March 2024.

Key performance indicators

	2019	2018
Turnover from continuing operations (£m)	48.1	50.7
As the prime measure of economic output, revenue is key to measuring shareholder return and future growth		
Gross profit from continuing operations (%)	11.5	11.3
Gross profit from continuing operations (£m)	5.5	5.7

Gross profit measures the added value from importing and processing of products.

Seamark plc
Strategic Report
for the year ended 31 December 2019 (*continued*)

Results and dividends

The results are set out on page 10.

Dividends were paid during the year £Nil (2018 - £Nil).

Principal risks and uncertainties

The company is exposed to a variety of risks including price risk; credit risk; liquidity risk and exchange risk which reflect the conditions in the markets from which it procures and to which it supplies.

The decision to leave the EU taken in the referendum in June 2016 ("Brexit") has added uncertainty to the company's operations. As from 1st January 2021 we now have a trade deal with the EU which will enable us to continue to export for the foreseeable future. We have established the necessary operational framework with the various stakeholders and continue to provide a high level of service to our customers.

Price risk

The company is exposed to changes in the market price of its raw materials reflecting availability of produce and local inflationary and foreign exchange pressures. Availability is affected by both local supply conditions and global issues and the company manages the associated risks through exploiting local knowledge and developing its relationship with its related business in Bangladesh; developing and maintaining strong relationships with its suppliers involving regular visits and continually seeking to develop supply chains in new trading areas.

Credit risk

Credit risk is managed through a combination of the application of credit insurance supported by strong credit management; application of individual credit limits and close and regular contact with customers.

Liquidity risk

The company is funded by a combination: commercial loans; a flexible bank facility with an overall limit and extended credit from related party suppliers. Current and forward positions and commitments are monitored and the bank facility is reviewed annually. The facility was renewed in the prior year and further renewal is expected at the appropriate review date.

Foreign exchange risk

The company trades in sterling, US dollars and Euros using currency accounts which obviates the need for transactional currency dealing at spot rates and limits the exposure to fluctuation. The currency position is monitored daily and a balanced portfolio of currencies maintained with exchange transactions being transacted when rates are favourable. The company works with its bankers to manage risk and exposure in the most appropriate way.

Pandemic risk

The ongoing Covid 19 pandemic has had an impact on our operations in 2020 and 2021 with trading levels lower than previous years. Despite this we still expect to report a profit in 2020. We continue to adapt and change to the new environment and are preparing for the end of restrictions in the UK and Europe following which we expect to return to a normal level of activity.

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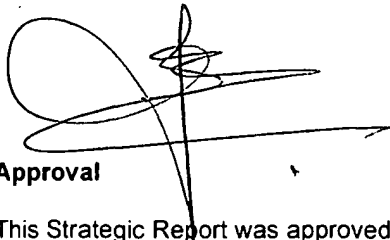
Strategic Report for the year ended 31 December 2019

Future developments

We are focusing on the opportunities that exist in a growing seafood sector and will continue to expand our customer network around the world and at the same time maintain strong relationships with existing customers and suppliers.

We have fully risk assessed the impact of Brexit and are continuing to operate normally.

For Covid 19 we are well prepared for any possible outcome and continue to operate as an essential business servicing the food sector.



Approval

This Strategic Report was approved by order of the Board on 09 April 2021

I Ahmed
Director

Seamark plc

Directors' Report for the year ended 31 December 2019

The directors present their report and audited financial statements for the year ended 31 December 2019.

Directors

The following directors have held office since 1 January 2019:

B Ahmed
K Ahmed
I Ahmed

Dividends

Dividends were paid in the year £ Nil (2018 - £Nil).

Post balance sheet events

Covid-19 has impacted on our performance during 2020 and 2021. We have reduced the working capital and borrowing during 2021 and are now operating on a much lower level of borrowing. We have agreed a financing package with Barclays with government assistance and this will give us flexibility to operate within the current economic environment.

Existence of branches of the company outside of the United Kingdom

The company has no branches outside of the United Kingdom.

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

Employee involvement

The company actively involves employees through various communications on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company.

Auditors

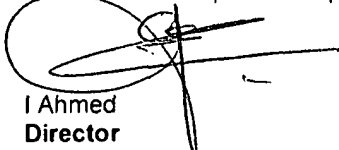
All of the directors as at the date of this report have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approval

Information regarding the principal risks of the entity, the business review for the year and principal risks to the business are discussed in the strategic report under s414C(11) of the Companies Act 2006.

This Directors' report was approved by order of the board on 09 April 2021


I Ahmed
Director

Seamark plc

Statement of Directors' Responsibilities for the year ended 31 December 2019

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Seamark plc

Independent auditor's report to the members of Seamark plc

Opinion

We have audited the financial statements of Seamark Plc ("the Company") for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Seamark plc

Independent auditor's report to the members of Seamark plc (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Seamark plc

Independent auditor's report to the members of Seamark plc (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

Date 09 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Seamark plc

Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	48,112,172	50,714,247
Cost of sales		(42,598,338)	(45,006,959)
Gross profit		5,513,834	5,707,288
Distribution costs		(904,284)	(844,832)
Administrative expenses		(4,556,496)	(5,329,270)
Other operating income		757,327	743,482
Operating profit	4	810,381	276,668
Interest payable and similar charges	7	(414,312)	(221,477)
Profit on ordinary activities before taxation		396,069	55,191
Taxation on profit from ordinary activities	8	(137,911)	12,292
Profit for the financial year		258,158	67,483
Total comprehensive income for the period		258,158	67,483

All amounts relate to continuing activities.

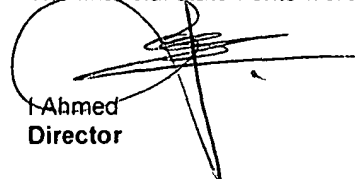
The notes on pages 14 to 29 form part of these financial statements

Seamark plc

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	9		8,954,587		9,287,893
Current assets					
Stocks	10	8,343,119		16,374,763	
Debtors	11	13,718,354		15,532,306	
Cash at bank and in hand	14	59,332		23,160	
		<u>22,120,805</u>		<u>31,930,229</u>	
Creditors: amounts falling due within one year	12	<u>(12,309,482)</u>		<u>(22,704,293)</u>	
Net current assets			<u>9,811,323</u>		<u>9,225,936</u>
Total assets less current liabilities			<u>18,765,910</u>		<u>18,513,829</u>
Creditors: amounts falling due after more than one year					
Provisions for liabilities	15	(859,431)		(812,708)	
Accruals and deferred income	16	(326,748)		(379,548)	
		<u>(1,186,179)</u>		<u>(1,192,256)</u>	
			<u>17,579,731</u>		<u>17,321,573</u>
Capital and reserves					
Called up share capital	17		60,000		60,000
Profit and loss account	19		17,519,731		17,261,573
Shareholders' funds			<u>17,579,731</u>		<u>17,321,573</u>

The financial statements were approved by the Board of Directors and authorised for issue on 09 April 2021


I. Ahmed
Director

Company Registration number 02575875

The notes on pages 14 to 29 form part of these financial statements.

Seamark plc

Statement of Changes in Equity As at 31 December 2019

	Share capital £	Retained earnings £	Total equity £
At 1 January 2019	60,000	17,261,573	17,321,573
Comprehensive income for the period			
Profit for the year	-	258,158	258,158
Total comprehensive income for the period	-	258,158	258,158
At 31 December 2019	60,000	17,519,731	17,579,731

Statement of Changes in Equity As at 31 December 2018

	Share capital £	Retained earnings £	Total equity £
At 1 January 2018	60,000	17,194,090	17,254,090
Comprehensive income for the period			
Profit for the year	-	67,483	67,483
Total comprehensive income for the period	-	67,483	67,483
At 31 December 2018	60,000	17,261,573	17,321,573

The notes on pages 14 to 29 form part of these financial statements.

Seamark plc

Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit before tax		396,069	55,191
Depreciation	9	539,075	645,945
Profit on sale of fixed assets		(15,000)	-
Financial expenses	7	414,312	221,477
Decrease/(Increase) in stock		8,031,644	(3,715,247)
Decrease/(Increase) in debtors		1,829,702	(5,348,650)
(Decrease)/Increase in creditors/provisions		(567,044)	565,028
Cash generated from operations		10,628,758	(7,576,256)
Tax paid		-	(200,000)
NET CASH FROM OPERATING ACTIVITIES		10,628,758	(7,776,256)
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(205,768)	(180,182)
Proceeds from sale of fixed assets		15,000	15,000
NET CASH FROM INVESTING ACTIVITIES		(190,768)	(165,182)
Interest paid		(414,312)	(221,477)
Directors Loan account		-	(105,700)
Dividends paid		-	-
NET CASH FROM FINANCING ACTIVITIES		(414,312)	(327,177)
Cash and cash equivalents at beginning of period		(14,248,920)	(5,980,305)
Cash and cash equivalents at end of period		(4,225,242)	(14,248,920)
Cash at bank and in hand		59,332	23,160
Bank overdrafts and invoice discounting facilities		(4,284,574)	(14,272,080)
		(4,225,242)	(14,248,920)

The notes on pages 14 to 29 form part of these financial statements.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

The directors have reviewed forecasts of anticipated income and expenditure for a period to 30th April 2021 which shows that the company will have sufficient income to meet expenditure and repayments as they fall due. The current facilities are in place for a minimum 2 years. There are no financial covenants. The CLBIL facility requires £500k repayment within 12 months and the remainder repayable within the period to March 2024. IBCO has repaid £1,000,000 of the outstanding loan in January 2021.

After reviewing the company's forecasts and projections which include reverse stress tests based on lower turnover levels, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Revenue

Revenue from the wholesale business is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the restaurant and banqueting hall is recognised when the sale is made to the external customer.

1.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

1.4 Tangible fixed assets (continued)

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Buildings	-	over 25 years straight line
Fixtures, fittings, tools and equipment	-	over 10 years straight line
Plant, machinery and motor vehicles	-	over 3-5 years straight line

Freehold land is not depreciated. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. The value of work in progress and processed finished goods include directly attributable overheads.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9 Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

1.9 Financial Instruments (continued)

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits and ;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

1.12 Foreign currency translation

(a) Functional and presentation currency

The company's functional currency is GBP.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1.13 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.16 Government grants

Grant in respect of capital expenditure are credited to deferred income and released to the statement of comprehensive income over the expected useful life of the assets. Grants towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

1 Accounting policies (*continued*)

1.17 Investment properties

Investment property are carried at fair value determined by external valuers and assessed annually by the directors. The fair value would be adjusted for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in statement of comprehensive income.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the companies' tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- *Tangible fixed assets (Note 9)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The directors also have to make assumptions regarding the fair value of the investment property recognised in the financial statements. This has to be established by estimating the square metre coverage used by a separate operation on the land and buildings owned by Seamark plc. The directors consider the fair value to not be materially different to the historical cost for the proportion of the site occupied and recognised as an investment property.

- *Stocks (Note 10)*

Where appropriate slow moving stocks are written down to their net realisable value, the assessment of net realisable value takes account of factors such as the availability of outlet channels and the value realised.

- *Debtors (Note 11)*

In assessing the provision for doubtful debts factors taken into account include debtors' age profile, their historical payment performance and available credit data.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

3 Turnover

	2019 £	2018 £
By class of business		
Wholesale Import and Export	46,166,250	48,890,164
Restaurant and Banqueting Hall Retail	1,945,922	1,824,083
	<u>48,112,172</u>	<u>50,714,247</u>
Geographical market		
United Kingdom	13,301,775	15,245,926
Rest of Europe	34,810,397	35,468,321
	<u>48,112,172</u>	<u>50,714,247</u>

4 Operating profit

	2019 £	2018 £
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	539,075	671,260
Operating lease expense	154,000	154,000
Fees payable to the company's auditor for the audit of the company's annual accounts	25,000	13,000
Foreign exchange differences	(220,447)	685,160
Profit on sale of fixed assets	(15,000)	-
Other operating income includes:		
Management recharges	(450,682)	(450,682)
Rental income	(240,000)	(240,000)
Government grants – revenue in nature	(52,800)	(52,800)
	<u></u>	<u></u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

5 Employees

	2019 £	2018 £
Staff costs including directors' remuneration, were as follows:		
Wages and salaries	3,652,208	3,562,962
Social security costs	271,055	255,670
Pension costs	48,215	31,874
	<u>3,971,478</u>	<u>3,850,506</u>

Number of employees

The average monthly number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Administration	35	39
Management	3	3
Production	97	90
Restaurant	41	45
	<u>176</u>	<u>177</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

6 Directors' remuneration

	2019 £	2018 £
Directors' remuneration consist of:		
Emoluments	283,079	280,264
Payments to personal pension scheme	-	-
	<u>283,079</u>	<u>280,264</u>
Highest paid director		
Emoluments	118,176	116,424
Amounts paid to personal pension scheme	-	-
	<u>-</u>	<u>-</u>

7 Interest payable and similar charges

	2019 £	2018 £
Bank loans and overdrafts	<u>414,312</u>	<u>221,477</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

8 Taxation on profit from ordinary activities

	2019 £	2019 £	2018 £	2018 £
<i>Current tax</i>				
UK corporation tax on profit of the year	91,188		41,549	
Adjustment in respect of previous years	-		(79,782)	
Total current tax		91,188		(38,233)
<i>Deferred tax</i>				
Origination and reversal of timing differences	46,723		25,941	
Adjustment in respect of previous years	-		-	
Movement in deferred tax provision (note 15)		46,723		25,941
Taxation on profit on ordinary activities		137,911		(12,292)

The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	398,818	55,191
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	75,775	10,486
Effects of:		
Expenses not deductible for tax purposes	-	4,750
Capital allowances for year greater/(less) than depreciation	15,413	(28,992)
Adjustment to tax charge in respect of previous years	-	(79,782)
Depreciation add back	46,723	55,305
Other tax adjustments	-	-
Deferred tax adjustment prior year	-	-
Reversal of timing differences	-	25,941
Utilisation of tax losses	-	-
Total tax charge/(credit) for year	137,911	(12,292)

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

9 Tangible fixed assets

Company	Investment property £	Land and buildings £	Plant, machinery and motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
<i>Cost or valuation</i>					
At 1 January 2019	904,477	13,682,885	8,013,265	475,355	23,075,982
Additions	-	-	179,242	26,527	205,769
Disposals	-	-	(125,000)	-	(125,000)
At 31 December 2019	904,477	13,682,885	8,067,507	501,882	23,156,751
<i>Depreciation</i>					
At 1 January 2019	-	5,597,889	7,849,055	341,145	13,788,089
Charge for year	-	480,000	55,500	3,575	539,075
Disposals	-	-	(125,000)	-	(125,000)
At 31 December 2019	-	6,077,889	7,779,555	344,720	14,202,164
<i>Net book value</i>					
At 31 December 2019	904,477	7,604,996	287,952	157,162	8,954,587
At 31 December 2018	904,477	8,084,996	164,210	134,210	9,287,893

The net book value of land and buildings may be further analysed as follows:

	Company 2019 £	Company 2018 £
Freehold land	705,629	705,629
Long leasehold	6,899,367	7,379,367
	7,604,996	8,084,996

Investment properties

Seamark plc shares a proportion of the land and buildings to a related company IBCO Ltd T/A Restaurant Wholesale.

The valuation of this part of the property has been established by reference to the square footage utilised by the separate operation. The directors have concluded that there is no material difference between the fair value and historic cost. In determining this, they have used recent valuation reports provided by professional surveyors.

All other tangible assets are stated at historical cost less depreciation and impairments.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (*continued*)

10 Stocks

	2019 £	2018 £
Raw materials and work in progress	7,652,035	12,588,132
Finished goods and goods for resale	691,084	3,786,631
	<u>8,343,119</u>	<u>16,374,763</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.
Provisions against stock have been made of £465,554 (2018 - £763,417)

11 Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	3,276,916	5,101,307
Amounts owed by related parties	9,257,480	9,830,876
Prepayments and accrued income	1,183,958	516,895
Other debtors	-	80,711
Directors Loan account	-	2,517
	<u>13,718,354</u>	<u>15,532,306</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loan and overdrafts	2,571,102	11,225,046
Invoice discounting	1,713,472	3,047,034
Trade creditors	2,122,709	1,281,773
Amounts owed to related parties	4,421,185	5,345,729
Corporation tax	127,142	91,404
Other taxation and social security	70,567	60,341
Other Creditors	15,750	-
Accruals	1,267,555	1,652,966
	<u>12,309,482</u>	<u>22,704,293</u>

The loan, overdraft and invoice discounting of £ 4,284,574 (2018 - £14,272,080) are secured by fixed and floating charges over all the assets of the company.

In March 2020 we agreed a CID facility with Barclays of £7,000,000.

In May 2020 we agreed CLBIL facility with Barclays of £4,000,000.

In March 2021 we agreed a revised CLBIL facility with Barclays of £4,500,000

For the CLBIL a loan repayment of £500k is due within 12 months.

The remainder of the loan will be payable within the period to March 2024.

13 Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>12,518,646</u>	<u>14,962,894</u>
Financial liabilities		
Financial assets measured at amortised cost	<u>(10,828,468)</u>	<u>(20,899,582)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade payables, bank loans, invoice discounting and amounts owed to related parties.

14 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	59,332	23,160
Bank overdrafts and invoice discounting facilities	<u>(4,284,574)</u>	<u>(14,272,080)</u>
	<u>(4,225,242)</u>	<u>(14,248,920)</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

15 Provisions for liabilities

	Deferred taxation £
At 1 January 2019	812,708
Charged to profit and loss account	46,723
	<hr/>
Balance at 31 December 2019	859,431
	<hr/>

Deferred taxation

	2019 £	2018 £
Accelerated capital allowances	859,431	812,708
	<hr/>	<hr/>
	859,431	812,708
	<hr/>	<hr/>

16 Accruals and deferred income

	Government Grants £
At 1 January 2019	379,548
Amortisation in the year	(52,800)
	<hr/>
At 31 December 2019	326,748
	<hr/>

17 Share capital

	Allotted, called up and fully paid			2018
	2019 Number	2018 Number	2019 £	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
	<hr/>	<hr/>	<hr/>	<hr/>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

18 Contingent liabilities

There is an unlimited composite company guarantee with Ibcu Limited for their HSBC facility of £ 1,829,025 at 31 December 2019 (2018 - £2,499,111). Ibcu Limited is related by virtue of common ownership. The directors do not anticipate that any liability will crystallise under the terms of this guarantee.

19 Capital and Reserves

Profit and loss account

The retained earnings reserve includes the accumulated profits and losses arising from the statement of comprehensive income and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions to shareholders.

Share capital

The share capital account includes the nominal value for all shares issued and outstanding.

Dividends

Dividends were paid of £ Nil (2018 - £Nil).

20 Commitments under operating leases

As at 31 December 2019, the company had minimum lease payments under non-cancellable operating lease as set out below:

	2019 £	2018 £
Not later than 1 year	-	154,000
Later than 1 year and not later than 5 years	-	-
Total	-	154,000

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

21 Related party transactions

During the year, contracts were entered into with business in which each of the directors has a material interest as a partner or shareholder.

The details of these transactions are as follows:

Ibco Limited

Ibco Limited, is a company under common ownership and control

	2019 £	2018 £
Sales	5,918,583	7,323,551
Purchases	721,713	448,739
Rents received	240,000	240,000
Amount due from Ibco Limited	444,117	561,025
Loan	4,858,142	5,687,142
Amount due to Ibco Limited	277,054	240,972

Ibco Enterprises

Ibco Enterprises is a company under common ownership and control

	2019 £	2018 £
Rent paid	464,000	464,000
Amount due from Ibco Enterprises	468,549	292,423

Seamark (BD) Limited

Seamark (BD) Limited, a Bangladesh company under common applied by similar suppliers ownership, on equivalent terms to those

	2019 £	2018 £
Purchases	10,976,008	14,463,208
Amount due to Seamark (BD) Limited	4,007,889	5,102,477
Loan receivable (Included in amount due from related parties)	1,413,714	937,700

Ibco Food Industries

Ibco Food Industries a Bangladesh company under common ownership, on equivalent terms to those applied by similar suppliers

	2019 £	2018 £
Purchases	138,731	330,643
Amount due to Ibco Food Industries	135,176	-

Seamark USA Incorporated

A US registered business under common ownership

	2019 £	2018 £
Short term loan given to Seamark USA Incorporated	783,100	791,382

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

21 Related party transactions (continued)

Ibco USA LLC

A US registered business owned by Mr I Ahmed and Mr K Ahmed	2019 £	2018 £
Short term loan given to Ibco USA LLC	805,784	838,735

Seamark Holding

A US registered business owned by Mr I Ahmed and Mr K Ahmed	2019 £	2018 £
Amount due to Seamark Holding	-	-

Restaurant Wholesale Barking

A business owned by Mr I Ahmed and Mr K Ahmed.	2019 £	2018 £
Sales	879,413	967,140
Amount due from RW Barking	225,343	462,524

Flying Unicorn Ltd

A business owned by Mr I Ahmed and Mr K Ahmed.	2019 £	2018 £
Short term loan (Included in amount due from related parties)	257,665	257,665

The company has also provided an unlimited multilateral guarantee on behalf of Ibco Limited, a company with common directors and shareholders.

22 Ultimate controlling party

It is the opinion of the Directors, each having an equal shareholding in the company, that they jointly control the company.