

Seamark plc

Directors Report and Financial Statements

For the Year Ended

31 December 2018

Company Number: 02575875



Seamark plc

Report and Financial Statements for the year ended 31 December 2018

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	HSBC Bank Plc 4 Hardman Square Manchester M3 3EB

Seamark plc

Report and financial statements for the year ended 31 December 2018

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Strategic Report for the year ended 31 December 2018

The directors present their strategic report and audited financial statements for the year ended 31 December 2018.

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 year was distinguished by supply issues within our markets, lack of confidence within our customer base and continued uncertainty regarding the future trading position with the EU which represents our major market. This was highlighted by the directors in last year's Strategic Report and the directors have to report that the situation at the end of 2018 was no clearer. These have all had an adverse impact on the results.

In the first half of 2018 the market experienced well documented oversupply of product as a result of overstocking in 2017 and a good harvest in Asia and this impacted on our turnover through depressed selling prices and reluctance of customers to place long term orders. *Globefish* which is part of the Food and Agriculture Organisation of the UN reported that shrimp prices in the global market were lower than at any time over the last 6 years and for the first time since 2002 were below production cost.

In the second half of 2018 the market became more buoyant and sales recovered well which is reflected in the increased working capital and this has continued into 2019 and sales are now in line with expectations. The directors anticipate significantly improved results in 2019.

The 9% depreciation in the value of sterling over the year impacted on raw material prices which put more pressure on margins; generated an exchange loss through provisions and increased the sterling value of liabilities through translations.

Administrative expenses have been impacted as a result of this volatility of sterling and include an exchange loss of £685,160 in contrast to a profit of £1,035,895 in 2017.

The directors made reference in last year's Strategic report to the investment in the Vermillion wedding and banqueting suite and it is pleasing to report that Vermillion has shown a further 11% increase in turnover.

Operational profit is £276,668 (2017 - £3,472,332).

The bank overdraft position shows an increase to £11,245,046 from £1,668,057 as a result of increased working capital and related party loans associated with a restructuring of the company banking facility. The resulting reduction in the contingent liability is reported in Note 18. The invoice discounting facility has decreased to £3,047,034 from £4,448,928 in 2017 in line with reduced turnover.

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 accounts are prepared on a going concern basis. The facilities have been renewed until 31st December 2019.

There have been no events since the balance sheet which materially affect the position of the company.

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Strategic Report for the year ended 31 December 2018

Key performance indicators

	2018	2017
Turnover from continuing operations (£m)	50.7	62.4
As the prime measure of economic output, revenue is key to measuring shareholder return and future growth		
Gross profit from continuing operations (%)	11.3	12.0
Gross profit from continuing operations (£m)	5.7	7.5
Gross profit measures the added value from importing and processing of products.		

Seamark plc

Strategic Report for the year ended 31 December 2018 (continued)

Results and dividends

The results are set out on page 10.

Dividends were paid during the year £ Nil (2017 - £60,000).

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. In the unlikely event there is no deal, the company has fully risk assessed the operations and has taken the necessary actions and developed a plan to ensure that there will be little or no impact on the stakeholders.

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.

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 any impact that Brexit might have and in the unlikely event of a no deal we have the necessary contingency plans in place.

Approval

This Strategic Report was approved by order of the Board on 28th June 2019


K Ahmed
Director

Seamark plc

Directors' Report for the year ended 31 December 2018

The directors present their report and audited financial statements for the year ended 31 December 2018.

Directors

The following directors have held office since 1 January 2018:

B Ahmed
K Ahmed
I Ahmed

Dividends

Dividends were paid in the year £ Nil (2017 - £60,000).

Post balance sheet events

There are no material post balance sheet events which require disclosure in the financial statements.

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 28th June 2019


K Ahmed
Director

Seamark plc

Statement of Directors' Responsibilities for the year ended 31 December 2018

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 2018 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 2018 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.

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.

Seamark plc

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

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.

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

Auditor's responsibilities for the audit of the financial statements

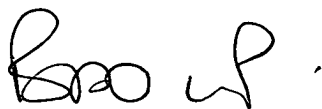
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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

28/06/2019.

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

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Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	50,714,247	62,419,910
Cost of sales		(45,006,959)	(54,945,534)
Gross profit		5,707,288	7,474,376
Distribution costs		(844,832)	(917,139)
Administrative expenses		(5,329,270)	(3,585,194)
Other operating income	4	743,482	500,289
Operating profit	4	276,668	3,472,332
Interest payable and similar charges	7	(221,477)	(270,676)
Profit on ordinary activities before taxation		55,191	3,201,656
Taxation on Profit from ordinary activities	8	12,292	(655,489)
Profit for the financial year		67,483	2,546,167
Total comprehensive income for the period		67,483	2,546,167

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 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		9,287,893		9,768,656
Current assets					
Stocks	10	16,374,763		12,659,516	
Debtors	11	15,532,306		10,181,139	
Cash at bank and in hand	14	23,160		86,680	
		<u>31,930,229</u>		<u>22,927,335</u>	
Creditors: amounts falling due within one year	12	<u>(22,704,293)</u>		<u>(14,222,786)</u>	
Net current assets			<u>9,225,936</u>		<u>8,704,549</u>
Total assets less current liabilities			<u>18,513,829</u>		<u>18,473,205</u>
Creditors: amounts falling due after more than one year					
Provisions for liabilities	15	(812,708)		(786,767)	
Accruals and deferred income	16	(379,548)		(432,348)	
			<u>(1,192,256)</u>		<u>(1,219,115)</u>
			<u>17,321,573</u>		<u>17,254,090</u>
Capital and reserves					
Called up share capital	17		60,000		60,000
Profit and loss account	19		17,261,573		17,194,090
Shareholders' funds			<u>17,321,573</u>		<u>17,254,090</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2019



K 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 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

Statement of Changes in Equity As at 31 December 2017

	Share capital £	Retained earnings £	Total equity £
At 1 January 2017	60,000	14,707,923	14,767,923
Comprehensive income for the period			
Profit for the year	-	2,546,167	2,546,167
Total comprehensive income for the period	-	2,546,167	2,546,167
Equity dividends paid	-	(60,000)	(60,000)
At 31 December 2017	60,000	17,194,090	17,254,090

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

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Statement of Cash Flows for the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit before tax		55,191	3,201,656
Depreciation	9	645,945	494,486
Financial expenses	7	221,477	270,676
		<u>922,613</u>	<u>3,966,818</u>
(Increase)/Decrease in stock		(3,715,247)	206,067
(Increase)/Decrease in debtors		(5,348,650)	614,145
Increase/(Decrease) in creditors/provisions		565,028	(2,608,075)
		<u>(7,576,256)</u>	<u>2,178,955</u>
Cash generated from operations			
Tax paid		(200,000)	-
		<u>(7,776,256)</u>	<u>1,908,279</u>
NET CASH FROM OPERATING ACTIVITIES			
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(180,182)	(413,939)
Proceeds from sale of fixed assets		15,000	12,333
		<u>(165,182)</u>	<u>(401,606)</u>
NET CASH FROM INVESTING ACTIVITIES			
Interest paid		(221,477)	(270,676)
Directors Loan account		(105,700)	-
Dividends paid		-	(60,000)
		<u>(327,177)</u>	<u>(330,676)</u>
NET CASH FROM FINANCING ACTIVITIES			
Cash and cash equivalents at beginning of period		(5,980,305)	(7,426,978)
Cash and cash equivalents at end of period		(14,248,920)	(5,980,305)
Cash at bank and in hand		23,160	86,680
Bank overdrafts and invoice discounting facilities		(14,272,080)	(6,066,985)
		<u>(14,248,920)</u>	<u>(5,980,305)</u>

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

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Notes to the financial statements for the year ended 31 December 2018

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 31 December 2020 which shows that the company will have sufficient income to meet expenditure and repayments as they fall due. The current facility is due to expire on the 31 December 2019. The directors are confident that the facility will be renewed following this date.

After reviewing the company's forecasts and projections, 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.

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Notes forming part of the financial statements for the year ended 31 December 2018 (*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.

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Notes forming part of the financial statements for the year ended 31 December 2018 (*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.

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Notes forming part of the financial statements for the year ended 31 December 2018 (*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.

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Notes forming part of the financial statements for the year ended 31 December 2018 *(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 2018 (continued)

3 Turnover

	2018 £	2017 £
By class of business		
Wholesale Import and Export	48,890,164	60,772,583
Restaurant and Banqueting Hall Retail	1,824,083	1,647,327
	<u>50,714,247</u>	<u>62,419,910</u>
Geographical market		
United Kingdom	15,245,926	16,503,158
Rest of Europe	35,468,321	45,916,752
	<u>50,714,247</u>	<u>62,419,910</u>

4 Operating loss

	2018 £	2017 £
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	671,260	494,486
Operating lease expense	154,000	154,000
Fees payable to the company's auditor for the audit of the company's annual accounts	13,000	13,000
Foreign exchange differences	685,160	(1,035,895)
Other operating income includes:		
Management recharges	(450,682)	(207,611)
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 2018 (continued)

5 Employees

	2018 £	2017 £
Staff costs including directors' remuneration, were as follows:		
Wages and salaries	3,562,962	3,466,284
Social security costs	255,670	258,285
Pension costs	31,874	17,576
	<u>3,850,506</u>	<u>3,742,145</u>

Number of employees

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

	2018 Number	2017 Number
Administration	39	37
Management	3	3
Production	90	93
Restaurant	45	48
	<u>177</u>	<u>181</u>

The company contributes to a personal pension plan for the 3 directors (2017 - 3). The assets of the scheme are held separately from those of the company in an independently administered fund. There were no contributions payable to the fund at year end.

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

6 Directors' remuneration

	2018 £	2017 £
Directors' remuneration consist of:		
Emoluments	280,264	276,992
Payments to personal pension scheme	-	-
	<u>280,264</u>	<u>276,992</u>
Highest paid director		
Emoluments	116,424	115,664
Amounts paid to personal pension scheme	-	-
	<u>-</u>	<u>-</u>

7 Interest payable and similar charges

	2018 £	2017 £
Bank loans and overdrafts	221,477	270,676
	<u>221,477</u>	<u>270,676</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

8 Taxation on profit from ordinary activities

	2018 £	2018 £	2017 £	2017 £
<i>Current tax</i>				
UK corporation tax on profit of the year	41,549		323,464	
Adjustment in respect of previous years	(79,782)		-	
Total current tax		(38,233)		323,464
<i>Deferred tax</i>				
Origination and reversal of timing differences	25,941		294,171	
Effect of reduced tax rate on opening liability				
Adjustment in respect of previous years	-		37,854	
Movement in deferred tax provision (note 15)		25,941		332,025
Taxation on profit on ordinary activities		(12,292)		655,489

The tax assessed for the year is higher (2017 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	55,191	3,201,656
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	10,486	616,318
Effects of:		
Expenses not deductible for tax purposes	4,750	4,813
Capital allowances for year less than depreciation	(28,992)	(72,465)
Adjustment to tax charge in respect of previous years	(79,782)	-
Depreciation add back	55,305	45,602
Other tax adjustments	-	(10,164)
Deferred tax adjustment prior year	-	37,854
Reversal of timing differences	25,941	294,171
Utilisation of tax losses	-	(260,640)
Total tax (credit)/charge for year	(12,292)	655,489

Seamark plc

Notes forming part of the financial statements
for the year ended 31 December 2018 (*continued*)

9 Tangible fixed assets

Company	Investment property £'000	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<i>Cost or valuation</i>					
At 1 January 2018	904,477	13,626,457	7,923,794	456,072	22,910,800
Additions	-	56,428	104,471	19,283	180,182
Disposals	-	-	(15,000)	-	(15,000)
At 31 December 2018	904,477	13,682,885	8,013,265	475,355	23,075,982
<i>Depreciation</i>					
At 1 January 2018	-	5,025,903	7,778,805	337,436	13,142,144
Charge for year	-	571,986	79,250	20,024	671,260
Disposals	-	-	(9,000)	(16,315)	(25,315)
At 31 December 2018	-	5,597,889	7,849,055	341,145	13,788,089
<i>Net book value</i>					
At 31 December 2018	904,477	8,084,996	164,210	134,210	9,287,893
At 31 December 2017	904,477	8,600,554	144,989	118,636	9,768,656

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

	Company 2018 £'000	Company 2017 £'000
Freehold land	705,629	705,629
Long leasehold	7,379,367	7,894,925
	8,084,996	8,600,554

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

9 Tangible fixed assets (continued)

Investment properties

Seamark plc lease a proportion of the land and buildings to a related company.

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.

10 Stocks

	2018 £	2017 £
Raw materials and work in progress	12,588,132	9,800,468
Finished goods and goods for resale	3,786,631	2,859,048
	<u>16,374,763</u>	<u>12,659,516</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.
Provisions against stock have been made of £763,417 (2017 - £825,683)

11 Debtors: amounts falling due within one year

	2018 £	2017 £
Trade debtors	5,101,307	5,948,083
Amounts owed by related parties	9,830,876	3,710,004
Prepayments and accrued income	516,895	515,636
Other debtors	80,711	7,416
Directors Loan account	2,517	-
	<u>15,532,306</u>	<u>10,181,139</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loan and overdrafts	11,225,046	1,618,057
Invoice discounting	3,047,034	4,448,928
Trade creditors	1,281,773	674,662
Amounts owed to related parties	5,345,729	5,739,087
Corporation tax	91,404	307,327
Other taxation and social security	60,341	63,449
Accruals	1,652,966	1,268,093
Directors loan account	-	103,183
	<u>22,704,293</u>	<u>14,222,786</u>

The loan, overdraft and invoice discounting of £ 14,272,080 (2017 - £6,116,985) are secured by fixed and floating charges over all the assets of the company.

13 Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>14,962,894</u>	<u>9,596,483</u>
Financial liabilities		
Financial assets measured at amortised cost	<u>(20,899,582)</u>	<u>(12,513,063)</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

	2018 £	2017 £
Cash at bank and in hand	23,160	86,680
Bank overdrafts and invoice discounting facilities	<u>(14,272,080)</u>	<u>(6,066,985)</u>
	<u>(14,248,920)</u>	<u>(5,980,305)</u>

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

15 Provisions for liabilities

	Deferred taxation £
At 1 January 2018	786,767
Charged to profit and loss account	25,941
	<hr/>
Balance at 31 December 2018	812,708
	<hr/>

Deferred taxation

	2018 £	2017 £
Accelerated capital allowances	812,708	786,767
	<hr/>	<hr/>
	812,708	786,767
	<hr/>	<hr/>

16 Accruals and deferred income

	Government Grants £
At 1 January 2018	432,348
Amortisation in the year	(52,800)
	<hr/>
At 31 December 2018	379,548
	<hr/>

17 Share capital

	2018 Number	Allotted, called up and fully paid 2017 Number	2018 £	2017 £
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 2018 (continued)

18 Contingent liabilities

There is an unlimited composite company guarantee with Ibco Limited for their HSBC facility of £2,499,111 at 31 December 2018 (2017 - £10,795,384). Ibco 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 (2017 - £60,000)

20 Commitments under operating leases

As at 31 December 2018, the company had minimum lease payments under non-cancellable operating lease as set out below:

	2018 £	2017 £
Not later than 1 year	154,000	154,000
Later than 1 year and not later than 5 years	-	154,000
Total	154,000	308,000

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (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	2018 £	2017 £
Sales	7,323,551	7,622,822
Purchases	448,739	810,243
Rents received	240,000	240,000
Amount due from Ibco Limited	561,025	105,498
Loan	5,687,142	684,663
Amount due to Ibco Limited	240,972	41,322

Ibco Enterprises

Ibco Enterprises is a company under common ownership and control	2018 £	2017 £
Rent paid	464,000	464,000
Amount due from Ibco Enterprises	292,423	275,440

Seamark (BD) Limited

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

	2018 £	2017 £
Purchases	14,463,208	10,898,156
Amount due to Seamark (BD) Limited	5,102,477	5,550,395
Loan receivable (Included in amount due from related parties)	937,700	515,500

Ibco Food Industries

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

	2018 £	2017 £
Purchases	330,643	105,792
Amount due to Ibco Food Industries	-	126,742

Seamark USA Incorporated

A US registered business under common ownership	2018 £	2017 £
Short term loan given to Seamark USA Incorporated	791,382	740,383

Seamark plc

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

21 Related party transactions (continued)

Ibco USA LLC

A US registered business owned by Mr I Ahmed and Mr K Ahmed	2018 £	2017 £
Short term loan given to Ibco USA LLC	838,735	790,753

Seamark Holding

A US registered business owned by Mr I Ahmed and Mr K Ahmed	2018 £	2017 £
Amount due to Seamark Holding	-	-

Restaurant Wholesale Barking

A business owned by Mr I Ahmed and Mr K Ahmed.

	2018 £	2017 £
Sales	967,140	1,205,751
Short term loan given to RW Barking		-
Amount due from RW Barking	462,524	386,785

Flying Unicorn Ltd

A business owned by Mr I Ahmed and Mr K Ahmed.

	2018 £	2017 £
Short term loan (Included in amount due from related parties)	257,665	207,665

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.