

**BLUEWATER FLATFISH FARMS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2004**

**Company Registration Number 03611144**



**TOWNENDS**  
Chartered Accountants & Registered Auditors  
Carlisle Street  
Goole  
East Riding of Yorkshire  
DN14 5DX

# **BLUEWATER FLATFISH FARMS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2004**

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**BLUEWATER FLATFISH FARMS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	P J D Gatland J Stephanis K Haniotis J D Whitford
<b>Company secretary</b>	M E Gatland
<b>Registered office</b>	Dinmor Quarry Park Penmon Llangoed Anglesey LL58 8SN
<b>Auditors</b>	Townends Chartered Accountants & Registered Auditors Carlisle Street Goole East Riding of Yorkshire DN14 5DX
<b>Bankers</b>	Lloyds TSB P O Box 96 7 Floor 6-7 Park Row Leeds LS1 1NX
<b>Solicitors</b>	Andrew M Jackson Essex House Manor Street HULL HU1 1XH

# BLUEWATER FLATFISH FARMS LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2004

The directors present their report and the financial statements of the company for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the company for the period under review was fish farming.

### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2004	At 1 January 2004
P J D Gatland	2,000	2,000
J Stephanis	—	—
K Haniotis	—	—
J D Whitford	—	—
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### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 to 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

### AUDITORS

A resolution to re-appoint Townends as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



M E GATLAND  
Company Secretary

Approved by the directors on 7/9/2005

**BLUEWATER FLATFISH FARMS LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**BLUEWATER FLATFISH FARMS LIMITED**  
**YEAR ENDED 31 DECEMBER 2004**

We have audited the financial statements of BLUEWATER FLATFISH FARMS LIMITED for the year ended 31 December 2004 on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**BLUEWATER FLATFISH FARMS LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**BLUEWATER FLATFISH FARMS LIMITED** *(continued)*  
**YEAR ENDED 31 DECEMBER 2004**

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



TOWNENDS  
Chartered Accountants  
& Registered Auditors

Carlisle Street  
Goole  
East Riding of Yorkshire  
DN14 5DX

9/9/05  
.....

**BLUEWATER FLATFISH FARMS LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2003 £
<b>TURNOVER</b>		<b>336,905</b>	<b>463,569</b>
Cost of sales		<u>241,488</u>	<u>222,825</u>
<b>GROSS PROFIT</b>		<b>95,417</b>	<b>240,744</b>
Administrative expenses		441,563	460,463
Other operating income	2	<u>(7,200)</u>	<u>—</u>
<b>OPERATING LOSS</b>	3	<b>(338,946)</b>	<b>(219,719)</b>
Interest payable and similar charges	4	<u>72,461</u>	<u>65,364</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(411,407)</b>	<b>(285,083)</b>
Tax on loss on ordinary activities	5	<u>123,863</u>	<u>(251,683)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(535,270)</b>	<b>(33,400)</b>
Balance brought forward		<u>(927,640)</u>	<u>(894,240)</u>
Balance carried forward		<u><b>(1,462,910)</b></u>	<u><b>(927,640)</b></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

# BLUEWATER FLATFISH FARMS LIMITED

## BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	6	3,157,696	3,279,436
<b>CURRENT ASSETS</b>			
Stocks		266,601	263,204
Debtors	7	143,124	291,341
Cash at bank and in hand		59	24
		<u>409,784</u>	<u>554,569</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>526,135</u>	<u>395,062</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(116,351)</u>	<u>159,507</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,041,345</u>	<u>3,438,943</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	10	<u>2,504,255</u>	<u>2,366,583</u>
		<u>537,090</u>	<u>1,072,360</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	15	2,000,000	2,000,000
Profit and loss account		(1,462,910)	(927,640)
<b>SHAREHOLDERS' FUNDS</b>	16	<u>537,090</u>	<u>1,072,360</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 7/9/2005 and are signed on their behalf by:



P J D GATLAND  
Director



# BLUEWATER FLATFISH FARMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements for the year ended 31 December 2004 report a retained loss of £535,270. This follows a retained losses for the period of trading to 31 December 2003 of £927,640.

At the balance sheet date, the principal shareholder Selonda Aquaculture SA and its associated companies Seafarm Ionian SA and Selonda (UK) Limited have provided loan finance to the company totalling £1,331,645 on which interest of £436,096 has accrued and was also outstanding.

Selonda Aquaculture SA have confirmed their support and that of Seafarm Ionian SA will continue for the foreseeable future and will, where necessary, be increased to enable the company to continue normal trading operations.

The accounts are therefore prepared on a going concern basis.

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	25 years reducing balance
Plant & Machinery	-	15 years reducing balance
Motor Vehicles	-	5 years reducing balance

#### Stocks

Stock is stated at the lower of cost and net realisable value.

Cost comprises purchase price, any other directly attributable costs together with costs of conversion comprising costs which are specifically attributable to production, production overheads and other overheads attributable in the particular circumstance of the company's business to bringing the stock to its location and condition at the balance sheet date including where appropriate interest on borrowed capital.

#### Hire purchase agreements

Assets held under such agreements are capitalised and disclosed under tangible fixed assets at fair value. The capital element of future payments is treated as a liability and interest is charged to the profit and loss account on a straight line basis.

# BLUEWATER FLATFISH FARMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 1. ACCOUNTING POLICIES *(continued)*

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Tax deferred is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Deferred government grants

Grants related to expenditure on tangible assets are credited to profit at the same rate as the depreciation on the assets to which the grants relate. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to profit.

### 2. OTHER OPERATING INCOME

	2004	2003
	£	£
Rent receivable	<u>7,200</u>	<u>—</u>

### 3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2004	2003
	£	£
Directors' emoluments	23,114	39,394
Amortisation of government grants re fixed assets	(60,507)	(57,064)
Depreciation of owned fixed assets	192,572	198,932
Depreciation of assets held under hire purchase agreements	1,361	2,502
Auditors' fees	1,500	1,500
Operating lease costs:		
Land and buildings	15,641	14,855
Plant and equipment	—	518
Net loss on foreign currency translation	<u>1,665</u>	<u>7,939</u>

# BLUEWATER FLATFISH FARMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Loan interest payable	56,491	48,159
Bank interest and charges payable	15,269	16,220
Hire purchase and finance lease charges	701	985
	<u>72,461</u>	<u>65,364</u>

### 5. TAXATION ON ORDINARY ACTIVITIES

	2004 £	2003 £
Deferred tax:		
Origination and reversal of timing differences	123,863	—
Introduction of provision for deferred tax asset	—	(251,683)
Total deferred tax (note 8)	<u>123,863</u>	<u>(251,683)</u>

### 6. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 January 2004	1,265,844	2,590,627	9,750	3,866,221
Additions	—	72,193	—	72,193
<b>At 31 December 2004</b>	<u>1,265,844</u>	<u>2,662,820</u>	<u>9,750</u>	<u>3,938,414</u>
<b>DEPRECIATION</b>				
At 1 January 2004	138,128	443,127	5,530	586,785
Charge for the year	45,109	147,980	844	193,933
<b>At 31 December 2004</b>	<u>183,237</u>	<u>591,107</u>	<u>6,374</u>	<u>780,718</u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2004</b>	<u>1,082,607</u>	<u>2,071,713</u>	<u>3,376</u>	<u>3,157,696</u>
At 31 December 2003	<u>1,127,716</u>	<u>2,147,500</u>	<u>4,220</u>	<u>3,279,436</u>

#### Hire purchase agreements

Included within the net book value of £3,157,696 is £19,061 (2003 - £35,030) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,361 (2003 - £2,502).

### 7. DEBTORS

	2004 £	2003 £
Trade debtors	3,195	25,976
Other debtors	12,109	13,682
Deferred taxation (note 8)	127,820	251,683
	<u>143,124</u>	<u>291,341</u>

# BLUEWATER FLATFISH FARMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 8. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2004 £	2003 £
Included in debtors (note 7)	<u>127,820</u>	<u>251,683</u>

The movement in the deferred taxation account during the year was:

	2004 £	2003 £
Balance brought forward	251,683	—
Profit and loss account movement arising during the year	(123,863)	251,683
Balance carried forward	<u>127,820</u>	<u>251,683</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2004 £	2003 £
Tax losses available	<u>127,820</u>	<u>251,683</u>
	<u>127,820</u>	<u>251,683</u>

The asset shown is in respect of tax recoverable as a result of trading losses and capital allowances in excess of depreciation charges.

### 9. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	288,794	242,465
Trade creditors	112,821	73,811
Other creditors including taxation and social security:		
PAYE and social security	4,995	3,967
Hire purchase agreements	4,460	7,071
Grant	60,506	57,064
Other creditors	<u>54,559</u>	<u>10,684</u>
	<u>526,135</u>	<u>395,062</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	<u>288,794</u>	<u>242,465</u>

# BLUEWATER FLATFISH FARMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 10. CREDITORS: Amounts falling due after more than one year

	2004	2003
	£	£
Hire purchase agreements	2,763	7,224
Loans from related undertakings (see Note 14)	1,290,978	1,193,000
Grant	774,418	786,754
Other creditors	436,096	379,605
	<u>2,504,255</u>	<u>2,366,583</u>

Loans from related undertakings amounting to £1,058,000 at the balance sheet date, are strictly repayable by 31 January 2005, with all other loan finance being repayable after 31 December 2005. The company has reached an informal agreement with the related undertakings that, notwithstanding the loans were strictly repayable by 31 January 2005, the repayment term is to be extended indefinitely with no payments anticipated before 31 December 2005. In the circumstances these loans are shown as falling due after more than one year. Interest on loans is charged at bank base rate.

### 11. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Amounts payable within 1 year	4,460	7,071
Amounts payable between 1 and 2 years	2,763	7,224
	<u>7,223</u>	<u>14,295</u>

### 12. DEFERRED INCOME

Other creditors within the Financial Statements include an amount of £834,924 (2003 - £843,816) representing capital grants received by the company in connection with the acquisition/construction of tangible fixed assets.

The grants are being released to the Profit and Loss Account in accordance with the accounting policy in respect of such grants.

The amount released to the Profit and Loss Account in the financial period under review was £60,507 (2003 - £57,064)

### 13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2004	2003
	£	£
Operating leases which expire:		
After more than 5 years	<u>10,000</u>	<u>10,000</u>

# BLUEWATER FLATFISH FARMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

### 14. RELATED PARTY TRANSACTIONS

During the year, the company was in receipt of loans made by certain shareholders and other related parties.

The balances at 31 December 2004 were as follows:-

	£
Selonda Aquaculture S.A.	226,000
Seafarm Ionian S.A.	832,000
Selonda (UK) Limited	273,646

Interest charged at bank base rate is payable on the loans and at the period end the following amounts of accumulated interest were outstanding:-

	£
Selonda Aquaculture S.A.	206,173
Seafarm Ionian S.A.	200,387
P J D Gatland	13,619
Selonda (UK) Limited	15,906

During the period the company purchased goods from International Aqua-Tech Limited, a company which owns 12.5% of the issued share capital of the company, as follows:-

Purchase of equipment	£33,651
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At the balance sheet date, an amount of £30,034 was owed to International Aqua-Tech Limited.

During the year, Eurofish (GB) Limited a company in which Mrs M E Gatland (wife of P J D Gatland) is a director were sold fish to the value of £321,877. At the balance sheet date an amount of £6,685 was due to this company.

The company leases a vehicle from Eurofish (GB) Limited. The amount due in the year was £5,055 and the sum of £11,552 was due to this company

All related party transactions are conducted on a normal commercial basis.

### 15. SHARE CAPITAL

#### Authorised share capital:

	2004 £	2003 £
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

#### Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

**BLUEWATER FLATFISH FARMS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2004**

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2004	2003
	£	£
Loss for the financial year	(535,270)	(33,400)
New equity share capital subscribed	—	1,000,000
Net (reduction)/addition to shareholders' equity funds	(535,270)	966,600
Opening shareholders' equity funds	<u>1,072,360</u>	<u>105,760</u>
Closing shareholders' equity funds	<u>537,090</u>	<u>1,072,360</u>

**17. ULTIMATE PARENT COMPANY**

The ultimate parent company is Selonda Aquaculture S.A. a company registered in Greece.