

127590

SHETLAND ISLANDS SMOLTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004



Johnston Carmichael
Chartered Accountants
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

SHETLAND ISLANDS SMOLTS LIMITED

DIRECTOR

F W Johnson

SECRETARY

F W Johnson

REGISTERED OFFICE

Greenhead Base
Gremista
Lerwick
Shetland
ZE1 OPY

AUDITORS

Johnston Carmichael
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

BANKERS

Bank of Scotland
117 Commercial Street
Lerwick
Shetland
ZE1 0DN

Registered in Scotland Number 127590

SHETLAND ISLANDS SMOLTS LIMITED

DIRECTOR'S REPORT

The director presents his report and the financial statements for the year ended 31 January 2004.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. The director proposes that no dividend be paid.

PRINCIPAL ACTIVITY

The company did not trade during the year and is in the process of winding up its operations, as disclosed in Note 18.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares of £1 each	
		<u>31 January 2004</u>	<u>1 February 2003</u>
F W Johnson		-	-
S Polson	(resigned 9 March 2004)	5,000	5,000
J I Polson	(resigned 9 March 2004)	5,000	5,000
A S J Polson	(resigned 9 March 2004)	5,000	5,000
A Polson Jnr	(resigned 9 March 2004)	5,000	5,000
W M Williamson	(resigned 9 March 2004)	12,500	12,500

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

SHETLAND ISLANDS SMOLTS LIMITED

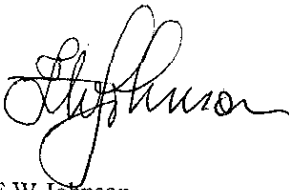
DIRECTOR'S REPORT

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Johnston Carmichael be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 15th March 2005 and signed on its behalf by



F W Johnson
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHETLAND ISLANDS SMOLTS LIMITED

We have audited the financial statements of Shetland Islands Smolts Limited for the year ended 31 January 2004 as detailed on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, 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 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on page 2 the company's director is responsible for the preparation of 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 Director's 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 Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF 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 or not 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 accounts 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHETLAND ISLANDS SMOLTS LIMITED (CONTINUED)

ADVERSE OPINION

As is more fully explained in Note 18, no adjustments have been made to the carrying value of assets and no additional liabilities have been recorded, in respect of the fact that the company has ceased trading and is insolvent.

In our opinion, the financial statements should reflect the adjustments necessary in light of the fact that the company is no longer a going concern. Furthermore, in our opinion any such adjustments would be material to the financial statements.

In view of the effect of the above, in our opinion, the accounts do not give a true and fair view of the state of the company's affairs as at 31 January 2004 and of its loss for the year then ended. In all other aspects, in our opinion, the accounts have been properly prepared in accordance with the Companies Act 1985.

ABERDEEN

16 March 2005



JOHNSTON CARMICHAEL
Registered Auditors

SHETLAND ISLANDS SMOLTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2004

	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
TURNOVER	2	-	-
Operating costs	3	(124,533)	(303,658)
Exceptional item	4	<u>130,000</u>	<u>-</u>
OPERATING PROFIT/(LOSS)	5	5,467	(303,658)
Interest payable and similar charges	6	<u>(205,594)</u>	<u>(214,517)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(200,127)	(518,175)
Taxation	7	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR	15	<u>(200,127)</u>	<u>(518,175)</u>

All items in the profit and loss account relate to activities which were discontinued during the year ended 31 January 2003 (see Note 18).

There are no recognised gains or losses other than the loss for the above two financial years.

The notes on pages 8 to 13 form an integral part of these financial statements.

SHETLAND ISLANDS SMOLTS LIMITED

BALANCE SHEET

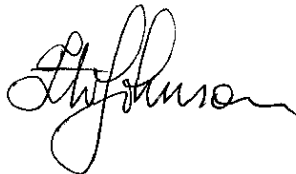
AS AT 31 JANUARY 2004

	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
FIXED ASSETS			
Tangible assets	8	<u>880,128</u>	<u>1,010,171</u>
CURRENT ASSETS			
Debtors	9	129,205	(954)
CREDITORS: amounts falling due within one year	10	<u>(3,682,530)</u>	<u>(3,469,337)</u>
NET CURRENT LIABILITIES		<u>(3,553,325)</u>	<u>(3,470,291)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,673,197)	(2,460,120)
ACCRUALS AND DEFERRED INCOME	12	<u>(89,989)</u>	<u>(102,939)</u>
NET LIABILITIES		<u>(2,763,186)</u>	<u>(2,563,059)</u>
CAPITAL AND RESERVES			
Called up share capital	14	80,000	80,000
Grant reserves		28,500	28,500
Profit and loss account	15	<u>(2,871,686)</u>	<u>(2,671,559)</u>
SHAREHOLDERS' DEFICIT	15	<u>(2,763,186)</u>	<u>(2,563,059)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 15TH March 2005 and signed on its behalf by:

F W JOHNSON



Director

The notes on pages 8 to 13 form an integral part of these financial statements.

SHETLAND ISLANDS SMOLTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2004**

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements in both the current and preceding year.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. However no adjustments have been made to reflect the assets of the company at their net realisable value or record additional liabilities as a result of the company ceasing to trade as a going concern.

DEPRECIATION

The cost of fixed assets other than freehold land is depreciated by equal monthly instalments over the expected useful lives of the assets as follows:

Buildings	-	40 years
Plant and equipment	-	10-20 years
Motor vehicles	-	5 years

DEFERRED TAXATION

Deferred tax is provided in full on timing differences between the incidence of income and expenditure for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered.

GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferred income account and are released to profit over the expected useful life of the relevant asset.

Grants of a revenue nature are credited to income in the period to which they relate.

LEASING AND HIRE PURCHASE CONTRACTS

Tangible fixed assets acquired under hire purchase contracts are capitalised at the estimated fair value at the date of inception of each contract. Total finance charges are allocated over the period of the contract in accordance with the straight line method. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

SHETLAND ISLANDS SMOLTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2004

2 Turnover

The company made no sales in the current or the preceeding year.

3 Operating costs

	<u>2004</u>	<u>2003</u>
	£	£
Staff costs	-	61,873
Depreciation	130,043	135,393
Loss on disposal of fixed asset	-	53
Grant amortisation	(12,950)	(12,950)
Other operating charges	7,440	119,289
	<u>124,533</u>	<u>303,658</u>

4 Exceptional item

Subsequent to the year end, the company received £200,000 in respect of an insurance claim relating to a loss of stock during the year ended 31 January 2003. This income has been accrued in these accounts, net of directly related expenses of £70,000.

5 Operating loss

	<u>2004</u>	<u>2003</u>
	£	£
Is stated after charging:		
Auditors' remuneration	1,325	1,600
Equipment hire	-	1,395
	<u>-</u>	<u>1,395</u>

6 Interest payable and similar charges

	<u>2004</u>	<u>2003</u>
	£	£
Bank overdraft interest	205,594	213,525
Loan interest	-	992
	<u>205,594</u>	<u>214,517</u>

SHETLAND ISLANDS SMOLTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2004**

7 Taxation

No charge to taxation arises because of trading losses incurred.

8 Tangible fixed assets

	<u>Land & buildings</u> £	<u>Plant & equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
COST				
At 31 January 2003 and at 31 January 2004	<u>532,805</u>	<u>1,321,394</u>	<u>4,680</u>	<u>1,858,879</u>
DEPRECIATION				
At 31 January 2003	108,609	735,419	4,680	848,708
Charge for year	<u>13,109</u>	<u>116,934</u>	<u>-</u>	<u>130,043</u>
At 31 January 2004	<u>121,718</u>	<u>852,353</u>	<u>4,680</u>	<u>978,751</u>
NET BOOK VALUES				
At 31 January 2003	<u>424,196</u>	<u>585,975</u>	<u>-</u>	<u>1,010,171</u>
At 31 January 2004	<u>411,087</u>	<u>469,041</u>	<u>-</u>	<u>880,128</u>

9 Debtors

	<u>2004</u>	<u>2003</u>
Trade debtors	(954)	(954)
Other debtors (Note 4)	130,000	-
VAT repayable	<u>159</u>	<u>-</u>
	<u>129,205</u>	<u>(954)</u>

SHETLAND ISLANDS SMOLTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2004**

10 Creditors: amounts falling due within one year

	<u>2004</u> £	<u>2003</u> £
Bank overdraft (Note 11)	3,582,510	3,362,571
Trade creditors	47,310	47,210
Accruals and deferred income	19,710	26,225
Other taxes and social security	-	331
Directors' loans (Note 13)	13,000	13,000
Other loans (Note 13)	20,000	20,000
	<u>3,682,530</u>	<u>3,469,337</u>

11 Securities

The company has granted securities to its bankers in terms of a bond and floating charge. The bank also hold cross guarantees in respect of all borrowings of this company, Framgord Limited and Millbrook Fisheries Limited.

12 Accruals and deferred income

	<u>2004</u> £	<u>2003</u> £
Represents deferred government grants as follows:		
At 31 January 2003	102,939	115,889
Amortisation for year	<u>(12,950)</u>	<u>(12,950)</u>
At 31 January 2004	<u>89,989</u>	<u>102,939</u>

SHETLAND ISLANDS SMOLTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2004**

13 Loans

	<u>2004</u> £	<u>2003</u> £
Directors' loans	13,000	13,000
Shetland Aquaculture Trust	<u>20,000</u>	<u>20,000</u>
	<u>33,000</u>	<u>33,000</u>
Amounts payable:		
Within five years other than by instalments	<u>33,000</u>	<u>33,000</u>

14 Called up share capital

	<u>2004</u> £	<u>2003</u> £
Authorised:		
Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>

15 Reconciliation of movements in shareholders' deficit and movements in reserves

	<u>Profit and loss account</u> £	<u>Shareholders deficit</u> £
At 31 January 2003	(2,671,559)	(2,563,059)
Loss for the year	<u>(200,127)</u>	<u>(200,127)</u>
At 31 January 2004	<u>(2,871,686)</u>	<u>(2,763,186)</u>

SHETLAND ISLANDS SMOLTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 2004**

16 Related parties

Control

During the year the company was controlled by Framgord Limited, which is ultimately controlled by F W Johnson (director).

Transactions

During the year the company had no transactions with related parties. The balances outstanding at 31 January 2003 and 31 January 2004 were as follows:

Related Party	Transaction	Balance due to/(by) company £
Polson family	Directors' loans	(8,000)
W M Williamson	Director's loan	(5,000)

17 Ultimate holding company

The company's ultimate holding company is Framgord Limited.

18 Cessation of trade

The company ceased trading during the year ended 31 January 2003, is in the process of winding up its operations, and potential buyers are actively being sought. The accounts do not include any adjustments to restate assets and liabilities, as required, on the basis that the company is no longer a going concern. While any adjustments required have not been quantified, the directors are of the opinion that these would be material to the accounts.