

**EUROSCOT SEAFOODS LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2001**

**Registered number: 169534**

**ANDREW DUNCAN & CO**

**Chartered Accountants**

**Inverness**



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**EUROSCOT SEAFOODS LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended 31 December 2001**

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**The following pages do not form part of the statutory accounts**

Detailed trading and profit and loss account	Appendix	1
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**EUROSCOT SEAFOODS LIMITED****COMPANY INFORMATION****31 December 2001**

DIRECTORS	P Formal A Strachan
SECRETARY	J B Pyper
REGISTERED OFFICE	4 Longman Drive Inverness IV1 1SU
BANKERS	Bank of Scotland 9 High Street Inverness IV1 1JB  Credit Agricole Morbihan Centre d'Affaires de Lorient 1 Bd Cosmao Dumanoir 56100 Lorient France
SOLICITORS	Dundas & Wilson CS Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
AUDITORS	Andrew Duncan & Co Chartered Accountants Alton House 4 Ballifeary Road Inverness IV3 5PJ

**EUROSCOT SEAFOODS LIMITED****DIRECTORS' REPORT****31 December 2001**

The directors present their report and the audited financial statements for the year ended 31 December 2001.

**Principal activity**

The principal activity of the company during the year was fish selling.

**Business review**

The company's balance sheet as detailed on page 6 show shareholders' funds amounting to £250,842.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**Directors**

The directors of the company during the year were as follows:

P Formal  
A Strachan

None of the directors has any beneficial interest in the shares of the company. P Formal owns 85% of the issued share capital in the parent undertaking Philippe Formal Entreprises S.A., a company registered in France.

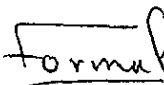
**Auditors**

Andrew Duncan & Co have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

22 August, 2002

4 Longman Drive  
Inverness  
IV1 1SU

  
P Formal  
Director

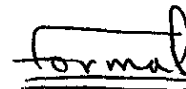
**EUROSCOT SEAFOODS LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 period. In preparing those financial statements, the directors are 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 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. 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.

On behalf of the board

A handwritten signature in black ink, appearing to read 'P Formal', is written over a horizontal line.

P Formal  
Director

## EUROSCOT SEAFOODS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## EUROSCOT SEAFOODS LIMITED

We have audited the financial statements of Euroscot Seafoods Limited for the year ended 31 December 2001 on pages 5 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

**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 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 error or other irregularity.

However the evidence available to us was limited with regard to verification of existence of stock carried in the balance sheet at £36,509 as given the nature of the company's trade, whereby stock is held at different locations, physical verification procedures could not be satisfactorily carried out. We were unable to carry out other satisfactory procedures to verify the existence of the stock. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Going concern**

In forming our opinion we have considered the adequacy of the disclosure made in note 1 of the financial statements regarding the future profitability of the company and the group and its dependence on the continuation and the renewal of its bank facility. In view of the significance of this matter we consider it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

Except for any adjustment that might have been found to be necessary had we been able to obtain sufficient evidence concerning the year end stock balance in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect above of the limitation on our work relating to the existence of stock:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit
- we were unable to determine whether proper accounting records had been maintained

16 September, 2002

Inverness

Andrew Duncan - 6

Andrew Duncan & Co  
Registered Auditor &  
Chartered Accountants

## EUROSCOT SEAFOODS LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Note	2001 £	2000 £
<b>Turnover</b>	3	5,181,216	4,268,901
Cost of sales		(5,097,362)	(4,078,222)
<b>Gross profit</b>		83,854	190,679
<b>Net operating expenses</b>			
Administrative expenses	5	(204,334)	(191,932)
Other operating income	4	160,514	82,384
<b>Operating profit</b>	4	40,034	81,131
Provision for loss on fixed asset investment	5	(4,753)	-
<b>Profit on ordinary activities before taxation</b>		35,281	81,131
Interest receivable	7	8,426	6,277
Interest payable	8	(612)	(692)
<b>Profit on ordinary activities before taxation</b>		43,095	86,716
Taxation	9	(17,702)	(30,035)
<b>Profit on ordinary activities after taxation retained for the year</b>	16	25,393	56,681

Movements in reserves are shown in note 16.

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses in 2001 or 2000 other than the profit for the year.

## EUROSCOT SEAFOODS LIMITED

## BALANCE SHEET

at 31 December 2001

	Note	£	2001 £	£	2000 £
<b>Fixed assets</b>					
Tangible assets	10		6,551		21,559
Investments	11		109,380		104,753
			<u>115,931</u>		<u>126,312</u>
<b>Current assets</b>					
Stocks	12	36,509		-	
Debtors	13	659,946		771,361	
Cash at bank and in hand		246,281		199,422	
			<u>942,736</u>	<u>970,783</u>	
<b>Creditors: amounts falling due within one year</b>	14	(807,825)		(871,646)	
<b>Net current assets</b>			<u>134,911</u>		<u>99,137</u>
<b>Total assets less current liabilities</b>			<u>250,842</u>		<u>225,449</u>
<b>Capital and reserves</b>					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	150,842		125,449	
<b>Total shareholders' funds</b>	17		<u>250,842</u>		<u>225,449</u>

The financial statements on pages 5 to 15 were approved by the board of directors on and signed on its behalf by:

22 August, 2002

Formal

P Formal  
Director

A Strachan

A Strachan  
Director



## EUROSCOT SEAFOODS LIMITED

## CASH FLOW STATEMENT

for the year ended 31 December 2001

	2001		2000	
	£	£	£	£
<b>Net cash outflow from operating activities</b>		(18,365)		(33,561)
<b>Returns on investments and servicing of finance</b>				
Interest received	8,426		6,277	
Interest paid	(612)		(692)	
		7,814		5,585
<b>Taxation</b>				
Corporation tax paid		-		(9,900)
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	-		-	
Purchase of fixed asset investments	(9,380)		-	
Sale of tangible fixed assets	-		33,385	
		(9,380)		33,385
		(19,931)		(4,491)
Equity dividends paid		-		-
		(19,931)		(4,491)
<b>Financing</b>				
Capital element of finance lease rentals	-		(1,607)	
		-		(1,607)
<b>Decrease in cash</b>		(19,931)		(6,098)

See note 21 for notes to this statement.

## EUROSCOT SEAFOODS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 2001

**1 Fundamental accounting concept**

The accounts have been prepared under the going concern concept as the directors are confident as to the future trading prospects of both the company and the subsidiary undertaking Euroscot Seafood Services Limited (note 11) the borrowings of which it has guaranteed as disclosed in note 18.

The directors have introduced operational measures which they believe will improve efficiency and result in the group achieving profitability in the near future. Consequently they believe the group will continue to operate within the bank facility currently agreed and within that which they expect will be agreed on 31 October 2002 when the bankers will consider reviewing the facility for another year.

On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result if the company were unable to continue trading.

**2 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost any residual value over their estimated useful lives as follows:

Plant and machinery	20% per annum straight line
---------------------	-----------------------------

**Fixed asset investments**

Fixed asset investments are stated at cost less any permanent diminution in value.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Foreign currencies**

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Non consolidation**

The company and its subsidiaries form a medium group. The company has taken advantage of the exemption provided by S248 of the Companies Act 1985 not to prepare group accounts.

**3 Turnover**

In the opinion of the directors 89% of the turnover of the company is attributable to geographical markets outside the UK (2000 90%).

**4 Operating profit**

	2001 £	2000 £
Operating profit is stated after crediting:		
Rental income	4,045	4,384
Management charges (note 20)	144,000	78,000
Profit on foreign exchange	8,321	12,001
	<hr/>	<hr/>

**EUROSCOT SEAFOODS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

**31 December 2001**

<b>4</b>	<b>Operating profit (continued)</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Staff costs	82,986	69,017
	Auditors' remuneration	2,400	2,000
		<u>          </u>	<u>          </u>
	Depreciation of tangible fixed assets (note 10):		
	Owned assets	15,008	17,888
	Leased assets	-	1,099
		<u>15,008</u>	<u>18,987</u>
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Exceptional items</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Included in administrative expenses		
	Bad debts	38,276	-
	Included after operating profit		
	Write off of investment	4,753	-
		<u>43,029</u>	<u>-</u>
		<u>          </u>	<u>          </u>
<p>The exceptional items are in respect of the wholly owned subsidiary EURL Euroscot Seafoods France (note 11) which went into liquidation during the year.</p>			
<b>6</b>	<b>Directors and employees</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Staff costs including directors' emoluments		
	Wages and salaries	74,973	62,387
	Social security costs	8,013	6,630
		<u>82,986</u>	<u>69,017</u>
		<u>          </u>	<u>          </u>
	Average monthly number employed including executive directors	<b>Number</b>	<b>Number</b>
	Administration	2	2
		<u>          </u>	<u>          </u>
	Directors	<b>£</b>	<b>£</b>
	Emoluments	<u>44,889</u>	<u>41,101</u>
		<u>          </u>	<u>          </u>

**EUROSCOT SEAFOODS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

**31 December 2001**

<b>7</b>	<b>Interest receivable</b>	<b>2001</b>	<b>2000</b>
		£	£
	Interest receivable	8,426	6,277
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Interest payable</b>	<b>2001</b>	<b>2000</b>
		£	£
	Bank interest	64	626
	Other interest	548	66
		<u>          </u>	<u>          </u>
		612	692
		<u>          </u>	<u>          </u>
<b>9</b>	<b>Taxation</b>	<b>2001</b>	<b>2000</b>
		£	£
	<i>Current tax</i>		
	Under provisions in earlier years	-	3,187
	Contribution made to another group company in respect of losses surrendered	17,702	26,848
		<u>          </u>	<u>          </u>
		17,702	30,035
		<u>          </u>	<u>          </u>

*Factors affecting current period corporation tax*

The current year corporation tax assessed for the year is higher than the standard rate of corporation tax of 20% (2000 – 25.4%) for the following reasons:

	£	£
Profit before tax for the period	43,095	86,716
	<u>          </u>	<u>          </u>
Corporation tax at the standard rate	8,619	22,026
<i>Effects of:</i>		
Non tax deductible expenditure	657	1,481
Non tax deductible exceptional items	6,300	-
Depreciation for year in excess of capital allowances	2,126	3,341
Under provisions in earlier years	-	3,187
	<u>          </u>	<u>          </u>
Current tax charge for year	17,702	30,035
	<u>          </u>	<u>          </u>

**EUROSCOT SEAFOODS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

**31 December 2001**

**10 Tangible fixed assets**

	<b>Plant and Machinery £</b>
<b>Cost</b>	
1 January 2001 and 31 December 2001	77,925
<b>Depreciation</b>	
1 January 2001	56,366
Charge for the year	15,008
31 December 2001	71,374
<b>Net book amount</b>	
31 December 2001	6,551
1 January 2001	21,559

**11 Fixed asset investments**

	<b>Subsidiary undertakings £</b>
<b>Cost</b>	
1 January 2001	104,753
Additions	9,380
31 December 2001	114,133
<b>Provision for permanent diminution in value</b>	
1 January 2001	-
Provided in the year	4,753
31 December 2001	4,753
<b>Net book amount</b>	
31 December 2001	109,380
1 January 2001	104,753

The company holds 100,000 ordinary £1 shares being the entire ordinary share capital of Euroscot Seafoods Services Limited, a company registered in Scotland. The principal activities of the company are the processing and grading of fish and the provision of agency services for fishing vessels. In the year ended 31 December 2001 Euroscot Seafoods Services recorded a loss of £64,579. The capital and reserves of the company at that time were (£12,651). The directors have introduced certain operational measures to improve efficiency and anticipate the company will achieve profitability in the near future. Consequently they consider that the investment has not suffered any permanent diminution in value.

## EUROSCOT SEAFOODS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 2001

## 11 Fixed asset investments (continued)

The company held 500 ordinary shares of 100 French Francs, being the entire ordinary share capital of EURL Euroscot Seafoods France, a company registered in France. The principal activities of the company were services relating to seafood. The company went into liquidation during the year and the investment of £4,753 has been fully written down (see note 5).

During the year the company purchased 999 ordinary shares of 100 French Francs at a cost of £9,380 (99,900 French Francs) in Bretagne Atlantique S.A.R.L., a company registered in France. At the year end the company owned 99.9% of the ordinary share capital of Bretagne Atlantique S.A.R.L. In the year ended 31 December 2001 Bretagne Atlantique S.A.R.L. recorded a loss of 74 Euros. The capital and reserves of the company at 31 December 2001 were 5,290 Euros.

## 12 Stocks

	2001 £	2000 £
Stocks	36,509	-

## 13 Debtors

	2001 £	2000 £
Trade debtors	574,991	738,814
Amounts owed by group undertakings	-	22,512
Other debtors	84,955	10,035
	659,946	771,361

## 14 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank overdrafts - secured	66,790	-
Trade creditors	637,317	681,518
Amounts owed to group undertakings	89,351	140,252
Corporation tax	-	1,904
Other taxation and social security	2,230	3,904
Other creditors	-	231
Accruals and deferred income	12,137	43,837
	807,825	871,646

## EUROSCOT SEAFOODS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 2001

## 15 Called up share capital

	2001		2000	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	250,000	250,000	250,000	250,000
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

## 16 Profit and loss account

	2001 £
1 January 2001	125,449
Profit for the year	25,393
31 December 2001	150,842

## 17 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
<b>Profit for the financial year representing a Net addition to shareholders' funds</b>	25,393	56,681
Opening shareholders' funds	225,449	168,768
<b>Closing shareholders' funds</b>	250,842	225,449

## 18 Guarantees and contingent liabilities

The company has issued a guarantee for the bank borrowings of the subsidiary company Euroscot Seafoods Services Limited. At 31 December 2001 the bank borrowings of Euroscot Seafoods Services Limited amounted to £620,596 (2000 - £619,646). A cross guarantee from the subsidiary undertaking for all sums due by Euroscot Seafoods Limited is also in place.

The Bank of Scotland holds a bond and floating charge over the assets of the company.

The company has issued guarantees to various fishselling companies totalling £170,000.

## 19 Ultimate parent undertaking

The ultimate parent undertaking is Philippe Formal Entreprises S.A. a company registered in France. Accounts for the ultimate parent undertaking are available at Registre du Commerce de Lorient, 5 Rue Benjamin Delessert, Lorient, France.

## EUROSCOT SEAFOODS LIMITED

## NOTES ON FINANCIAL STATEMENTS

1 December 2001

## 20 Related parties

During the year the ultimate parent undertaking Philippe Formal Enterprises S.A. advanced a loan of £37,736 to the company for a period of 3 months. Interest of £548 was charged on the loan at 6.4%. During the year the company purchased 800 shares in Bretagne Atlantique S.A.R.L. from the ultimate parent undertaking Philippe Formal Enterprises S.A. (note 11) at a cost of £7,512, and a further 199 shares were purchased from the director Philippe Formal at a cost of £1,868. During the year the company was charged rent of £14,400 in respect of a house which is partly owned by the director Philippe Formal.

During the year the subsidiary undertaking Euroscot Seafoods Services Limited charged the company £538,219 for grading and processing its fish. Management services amounting to £144,000 were provided to Euroscot Services Limited and are disclosed as operating income. Of these management fees £78,000 is recorded as accrued income and included within other debtors (note 13). At 31 December 2001 £84,584 was owed to Euroscot Seafoods Services Limited and is included in creditors due within one year.

During the year the subsidiary undertaking EURL Euroscot Seafoods France charged the company sales commission of £100,364. During the year the company sold fish of £8,707 and made cash advances of £7,388 to EURL Euroscot Seafoods France. At 31 December 2001 £38,276 was owed to the company. As EURL Euroscot Seafoods France has gone into liquidation full provision has been made in full against the amounts due (notes 5 and 11).

During the year the subsidiary undertaking Bretagne Atlantique S.A.R.L. charged the company £53,439 for handling and marketing the company's stock of fish in France, and the company sold fish of £1,341 to Bretagne Atlantique S.A.R.L. during the year. At 31 December 2001 £4,767 was outstanding and is included in creditors falling due within one year.

Denholm Fishselling Limited owns 45% of the share capital of the company. During the year the company sold fish amounting to £101,555 to Denholm Fishselling Limited. At 31 December 2001 no amounts were outstanding. During the year the company purchased £1,912,079 of fish from Denholm Group companies and it was also recharged expenses of £3,375. At 31 December 2001 £388,478 was outstanding and is included in creditors falling due within one year.

## 21 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

	2001 £	2000 £
Operating profit	40,034	81,131
Depreciation charges	15,008	18,987
(Increase)/decrease in stocks	(36,509)	59,216
Decrease/(increase) in debtors	111,414	(423,421)
(Decrease)/increase in creditors	(148,312)	230,526
<b>Net cash outflow from operating activities</b>	<b>(18,365)</b>	<b>(33,561)</b>



## EUROSCOT SEAFOODS LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 2001

## 21 Notes to the cash flow statement (continued)

## Analysis of changes in net funds

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	199,422	46,859	246,281
Bank overdrafts	-	(66,790)	(66,790)
<b>Total</b>	<u>199,422</u>	<u>(19,931)</u>	<u>179,491</u>

## Reconciliation of net cash flow to movement in net funds

	2001 £	2000 £
<b>Decrease in cash in the year</b>	(19,931)	(6,098)
Cash outflow from decrease in debt and lease funding	-	1,607
<b>Change in net funds resulting from cash flows</b>	<u>(19,931)</u>	<u>(4,491)</u>
Net funds at 1 January 2001	199,422	203,913
<b>Net funds at 31 December 2001</b>	<u>179,491</u>	<u>199,422</u>