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Directors' Report and Accounts

GOLDEN SEA PRODUCE LIMITED

31 December 1985

Ernst & Whinney



Ernst & Whinney

DIRECTORS' REPORT

Directors: H Skinnemoen (Chairman)  
G W Mace (Managing Director)  
R A St G Thwaites  
J G Spiers  
T Mowinckel (Resigned 3 July 1985)  
J Swensen  
K J Ringstad (Appointed 3 July 1985)

Secretary: Charles C Duff

Registered office: Bridge House, 69 London Road, Twickenham, Middlesex

The directors present their report for the year ended 31 December 1985.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the company for the year ended 31 December 1985. The profit for the period attributable to shareholders amounts to £114,627 and is dealt with as shown in the consolidated profit and loss account. No dividend is proposed.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

During the year the activities of the group consisted of the farming of various marine species and the operation of Sea Life Centres but on 1 January 1986 the latter were transferred to a company incorporated for that purpose within the Norsk Hydro Group.

FIXED ASSETS

Movements in fixed assets are given in note 13 to the accounts.

FUNDS FLOW STATEMENT

In view of the dependency of the company on group funding, the directors have decided not to present a Funds Flow Statement as required by Statement of Standard Accounting Practice No 10.

STOCKS

Stocks have been valued as in previous years on the basis described in Note 2(c). No change has been made in the basis of valuation to conform with Statement of Standard Accounting Practice No 9 in that direct overheads attributable to fish production are still excluded.

DIRECTORS

The directors listed above held office during the year.



GOLDEN SEA PRODUCE LIMITED

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DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

No directors had any interest in the share capital of the company or its subsidiary throughout the period.

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

*Charles C. Duff*

Secretary

Ernst & Whinney

## REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of Golden Sea Produce Limited set out on pages 4 to 16. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

As indicated in Note 2(c), overheads have not been included in the valuation of stocks and for this reason the accounts are not in accordance with Statement of Standard Accounting Practice No 9. The effect of this departure has been to understate the value of stocks by £337,000 (1984 - £172,000).

Except for the matter referred to above, in our opinion the accounts give a true and fair view of the state of affairs of the company and of the group, so far as concerns members of the company, at 31 December 1985 and of the profit of the group for the year then ended and comply with the Companies Act 1985.

The company has not complied with the requirements of Statement of Standard Accounting Practice No 10 in that it has not presented a source and application of funds statement.

In our opinion there are no significant differences between the group's accounting policies and those which would apply under United States generally accepted accounting principles.

*Ernst. Whinney.*

Glasgow

5 JUN 1986

## GOLDEN SEA PRODUCE LIMITED

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CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1985

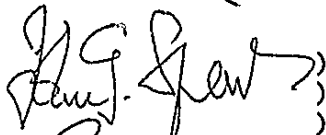
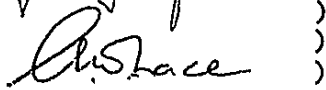
	Note	1985 £	1984 £
TURNOVER	3	3,263,540	2,086,678
Operating costs	4	2,799,377	2,415,573
		<hr/>	<hr/>
GROUP OPERATING PROFIT/LOSS	5	464,163	(328,895)
Interest receivable and other income	7	41,873	13,373
Interest payable	8	(391,409)	(79,029)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		114,627	(394,551)
Taxation	9	-	50,000
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		114,627	(344,551)
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		£114,627	£(344,551)
		<hr/>	<hr/>
STATEMENT OF ACCUMULATED LOSSES			
Balance at 31 December 1984			
As previously reported		(389,102)	(21,245)
Prior year adjustment	10	-	(23,306)
		<hr/>	<hr/>
		(389,102)	(44,551)
		<hr/>	<hr/>
Profit/(loss) for the period		114,627	(344,551)
		<hr/>	<hr/>
Balance at 31 December 1985	11	£(274,475)	£(389,102)
		<hr/>	<hr/>

## GOLDEN SEA PRODUCE LIMITED

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## CONSOLIDATED BALANCE SHEET - 31 DECEMBER 1985

	Note	1985 £	1984 £
<b>FIXED ASSETS</b>			
Tangible assets	12	2,431,450	1,909,415
<b>CURRENT ASSETS</b>			
Stocks	13	1,736,787	1,378,216
Debtors	14	184,563	157,454
Cash in bank and in hand		48,364	169
		<hr/>	<hr/>
		1,969,714	1,535,839
		<hr/>	<hr/>
CREDITORS - amounts falling due within one year	15	2,409,184	1,616,238
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(439,470)	(80,499)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,991,980	1,828,916
		<hr/>	<hr/>
CREDITORS - amounts falling due after more than one year	16	1,212,456	1,164,019
		<hr/>	<hr/>
		£779,524	£664,897
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account	11	(274,475)	(389,102)
Revaluation reserve		53,999	53,999
		<hr/>	<hr/>
		£779,524	£664,897
		<hr/>	<hr/>

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 } Directors  
 5 June 1986

## GOLDEN SEA PRODUCE LIMITED

BALANCE SHEET - 31 DECEMBER 1985

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	Note	1985 £	1984 £
<b>FIXED ASSETS</b>			
Tangible assets	12	2,431,450	1,895,750
<b>CURRENT ASSETS</b>			
Stocks	13	1,736,787	1,367,693
Debtors	14	176,658	136,492
Cash in bank and in hand		48,364	166
		<u>1,961,809</u>	<u>1,504,351</u>
<b>CREDITORS - amounts falling due within one year</b>	15	2,340,354	1,724,537
<b>NET CURRENT (LIABILITIES)</b>		<u>(378,545)</u>	<u>(220,186)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,052,905	1,675,564
<b>CREDITORS - amounts falling due after more than one year</b>	16	1,212,456	951,247
		<u>£840,449</u>	<u>£724,317</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account		(213,550)	(329,682)
Revaluation Reserve		53,999	53,951
		<u>£840,449</u>	<u>£724,317</u>

*Handwritten signatures of directors*

Directors

5 June 1986

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 1 FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared under the going concern concept because the ultimate holding company has agreed to provide adequate funds for the company to meet its liabilities as they fall due.

## 2 ACCOUNTING POLICIES

## (a) Accounting convention

The accounts are prepared under the historical cost convention.

## (b) Depreciation

Freehold land is not depreciated. The cost (after deducting government grants) or valuation of other fixed assets is written off over the expected useful lives of the assets as follows:

Freehold buildings	50 years
Leasehold property	over the period of the lease
Machinery and equipment	3-10 years
Motor vehicles	3 4 years

## (c) Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of ongrown fish costs include direct labour and feed. They do not include direct overheads attributable to fish production.

## (d) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

## (e) Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

## (f) Goodwill

The excess of the cost of acquisition of subsidiaries over the book value of the tangible assets acquired and the cost of goodwill purchased are charged against reserves in the year of acquisition.

## (g) Government grants

Grants are credited to reserves and released to the profit and loss account over the useful life of the assets.

## (h) Leased assets

Assets held on finance leases are now shown as part of the company's fixed assets whilst the obligations in respect of the capital element of the lease funding are included in creditors.



## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 3 TURNOVER

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT and intra-group transactions.

A geographical analysis is as follows:

	1985 £	1984 £
United Kingdom	1,363,947	647,179
Other European countries	1,899,593	1,439,499
	<hr/>	<hr/>
	£3,263,540	£2,086,678
	<hr/>	<hr/>

## 4 OPERATING COSTS

	1985 £	1984 £
Increase in stocks	(358,571)	(340,136)
Raw materials and consumables	1,419,260	1,086,223
Staff costs:		
Wages and salaries	566,651	436,390
Social Security costs	44,325	42,171
Other pension costs	36,307	23,452
Depreciation	402,810	333,316
Other operating charges	688,595	834,157
	<hr/>	<hr/>
	£2,799,377	£2,415,573
	<hr/>	<hr/>

## 5 GROUP OPERATING PROFIT/(LOSS) is stated after charging:

	1985 £	1984 £
Hire of plant and equipment	13,032	18,655
Auditors' remuneration	9,500	16,000
Directors' remuneration, including pension contributions	50,022	42,702
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## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 6 EMOLUMENTS OF DIRECTORS

The emoluments, excluding pension contributions, of the directors of the company are detailed as follows:

	1985 £	1984 £
Chairman	-	-
Highest paid director	23,984	21,266
Other directors in scale:		
Not more than £5,000	Number of directors 4	3
£10,001 - £15,000	-	-
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-

## 7 INTEREST RECEIVABLE AND OTHER INCOME

	1985 £	1984 £
Interest from group companies	13,304	5,376
Other interest	2,618	7,997
Rental income	25,951	-
	<hr/>	<hr/>
	£41,873	£13,373
	<hr/>	<hr/>

## 8 INTEREST PAYABLE

	1985 £	1984 £
Leased assets	16,482	9,447
Bank overdraft	-	3
On group loans	124,199	69,579
FELOS account	250,728	-
	<hr/>	<hr/>
	£391,409	£79,029
	<hr/>	<hr/>

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 9 TAXATION

	1985 £	1984 £
Transfer from deferred taxation		
Current year	-	£50,000
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## 10 PRIOR YEAR ADJUSTMENT

In 1983 the company capitalised fixed assets which were financed by leasing agreements and £40,946 prior year adjustment represented the difference between lease creditors and net book value of fixed asset at 31 December 1984.

In addition to the leasing prior year adjustment, the company changed its depreciation policy relating to investment grants. Depreciation is now charged on the gross cost of the asset and the grants are now released to the profit and loss account over the useful life of the assets, whereas prior to 1984, depreciation was charged on the net cost of the asset.

The effect of this adjustment was to credit the reserves with £17,640.

## 11 ACCUMULATED LOSSES

	1985 £	1984 £
Accumulated by:		
The company	213,550	329,682
Subsidiary - Scottish Sea Farms Ltd	60,925	59,420
	<hr/>	<hr/>
	£274,475	£389,102
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The company has not presented its own profit and loss account for the period ended 31 December 1985. Of the group profit for the financial period, £116,132 has been dealt with in the accounts of the company.

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 12 TANGIBLE ASSETS

	Freehold land and buildings £	Buildings on lease- hold land £	Machinery & equipment £	Motor vehicles £	Total £
GROUP - NON LEASED ASSETS					
Cost or valuation					
At 1 January 1985	8,511	1,083,758	1,220,268	118,656	2,431,193
Additions during period	-	290,437	649,512	41,611	981,560
Disposals	-	(70,771)	(52,633)	(29,080)	(152,484)
	8,511	1,303,424	1,817,147	131,187	3,260,269
Depreciation					
At 1 January 1985	1,025	233,138	543,230	51,258	828,651
Charge for period	171	89,223	233,386	35,208	357,988
Disposals	-	(29,427)	(42,999)	(23,342)	(95,768)
	1,196	292,934	733,617	63,124	1,090,871
Net book value					
At 31 December 1985	£7,315	£1,010,490	£1,083,530	£68,063	£2,169,398
GROUP - LEASED ASSETS					
Cost or valuation					
At 1 January 1985	-	85,167	468,812	-	553,979
Additions during period	-	-	-	-	-
At 31 December 1985	-	85,167	468,812	-	553,979
Depreciation					
At 1 January 1985	-	16,233	230,872	-	247,105
Charge for period	-	8,517	36,305	-	44,822
At 31 December 1985	-	24,750	267,177	-	291,927
Net book value					
At 31 December 1985	-	£60,417	£201,635	-	£262,052
Total assets					
Net book value					
At 31 December 1985	£7,315	£1,070,907	£1,285,165	£68,063	£2,431,450
Net book value					
At 31 December 1984	£7,486	£919,554	£914,977	£67,398	£1,909,415

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 12 TANGIBLE ASSETS (continued)

	Freehold land and buildings £	Buildings on lease- hold land £	Machinery & equipment £	Motor vehicles £	Total £
COMPANY - NON LEASED ASSETS					
Cost or valuation					
At 1 January 1985	8,511	1,070,116	1,215,268	116,251	2,410,146
Additions during period	-	290,437	649,312	41,611	981,360
Disposals	-	(57,129)	(47,433)	(26,675)	(131,237)
	8,511	1,303,424	1,817,147	131,187	3,260,269
Depreciation					
At 1 January 1985	1,025	227,758	543,230	49,256	821,269
Charge for period	171	89,223	233,386	34,805	357,585
Disposals	-	(24,047)	(42,999)	(20,937)	(87,983)
	1,196	292,934	733,617	63,124	1,090,871
Net book value					
At 31 December 1985	£7,315	£1,010,490	£1,083,530	£68,063	£2,169,398
COMPANY - LEASED ASSETS					
Cost or valuation					
At 1 January 1985	-	85,167	468,812	-	553,979
Additions during period	-	-	-	-	-
At 31 December 1985	-	85,167	468,812	-	553,979
Depreciation					
At 1 January 1985	-	16,233	230,872	-	247,105
Charge for period	-	8,517	36,305	-	44,822
At 31 December 1985	-	24,750	267,177	-	291,927
Net book value					
At 31 December 1985	-	£60,417	£201,635	-	£262,052
Total assets					
Net book value					
At 31 December 1985	£7,315	£1,070,907	£1,285,165	£68,063	£2,431,450

(a) Additions to fixed assets includes directors revaluation of certain assets by £Nil (1984 - £53,999).

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

13 STOCKS	GROUP		COMPANY	
	1985 £	1984 £	1985 £	1984 £
Materials and feed	194,164	137,748	194,164	137,748
Ongrowing fish	1,542,623	1,240,468	1,542,623	1,229,945
	<u>£1,736,787</u>	<u>£1,378,216</u>	<u>£1,736,787</u>	<u>£1,367,693</u>

14 DEBTORS	GROUP		COMPANY	
	1985 £	1984 £	1985 £	1984 £
Trade debtors	45,329	34,431	45,329	13,469
Prepayments and accrued income	72,065	42,707	72,065	42,707
Amounts owed by group companies	3,892	6,407	3,892	6,407
Other debtors	63,277	73,909	55,372	73,909
	<u>£184,563</u>	<u>£157,454</u>	<u>£176,658</u>	<u>£136,492</u>

15 CREDITORS - amounts falling due within one year	GROUP		COMPANY	
	1985 £	1984 £	1985 £	1984 £
Bank overdrafts	-	130,220	-	130,143
Trade creditors	268,702	118,769	268,702	116,035
Social security and taxation creditors	22,139	11,220	22,139	11,220
Amounts due to subsidiary company	-	-	-	114,193
Accruals	92,857	83,069	92,857	74,307
Other creditors	-	9,361	-	6,216
Amounts due to other group companies	45,973	141,871	182,039	150,595
Norsk Hydro AS Felos account	1,902,440	1,095,331	1,697,544	1,095,331
Capital amounts due under finance lease obligations	77,073	26,497	77,073	26,497
	<u>£2,409,184</u>	<u>£1,616,338</u>	<u>£2,340,354</u>	<u>£1,724,537</u>

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 16 CREDITORS - amounts falling due after more than one year

	GROUP		COMPANY	
	1985	1984	1985	1984
	£	£	£	£
Subordinated interest bearing loans	762,665	762,665	762,665	549,893
Capital amounts due under finance lease obligations within two to five years	266,410	343,483	266,410	343,483
Deferred grants	183,381	57,871	183,381	57,871
	<u>£1,212,456</u>	<u>£1,164,019</u>	<u>£1,212,456</u>	<u>£951,247</u>

## 17 CALLED UP SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid £
At 31 December 1984		
Ordinary shares of £1 each	£1,000,000	£1,000,000
At 31 December 1985		
Ordinary shares of £1 each	£1,000,000	£1,000,000

## 18 FINANCIAL COMMITMENTS

At 31 December authorised future capital expenditure before deduction of available government grants amounted to:

	GROUP AND COMPANY	
	1985	1984
	£	£
Called up	232,500	119,000
Not called up	1,355,000	1,112,000

## 19 SUBSIDIARY COMPANY

	Class of shares	Country of incorporation	Proportion held
Scottish Sea Farms Limited	Ordinary £1	Scotland	100%

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1985

## 20 HOLDING COMPANY

The company's ultimate holding company is Norsk Hydro AS, a company incorporated in Norway.

## 21 STAFF NUMBERS

The average number of persons employed by the group, including directors, during the period was as follows:

	1985	1984
Management	12	12
Administration	9	9
Fish farming and ancillary activities	44	35
	<hr/>	<hr/>
	65	56
	<hr/>	<hr/>

## 22 CONTINGENT LIABILITIES

The company has a contingent liability which the board estimates to be £30,000 in respect of liabilities under the terms of the lease of the land at Hunterston.