


REGISTRAR'S COPY

Directors' Report and Accounts

GOLDEN SEA PRODUCE LIMITED

31 December 1987

 Ernst & Whinney



Ernst & Whinney

GOLDEN SEA PRODUCE LIMITED

DIRECTORS' REPORT

Directors: H Skinnemoen (Chairman)  
G W Mace (Managing Director)  
M Arnisson-Newgass (appointed 12 October 1987)  
O Enger (appointed 12 October 1987)  
D Rackham (appointed 12 October 1987)  
E Reiten (appointed 12 October 1987)  
K J Ringstad  
J G Speirs

Secretary: Stephen J Warren

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

The directors present their report for the year ended 31 December 1987.

ACCOUNTS AND DIVIDENDS

The directors submit the audited accounts of the company for the year ended 31 December 1987. The profit for the period attributable to shareholders amounts to £508,245 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.

FIXED ASSETS

Freehold and leasehold houses have not been depreciated as required by SSAP 12 as it is the opinion of the directors that the residual value of these properties as a whole will be at least equal to their cost.

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.

DIRECTORS

The directors of the company during the year ended 31 December 1987 were those listed above and R A St. G Thwaites and J Swenson who resigned on 12 October 1987.

GOLDEN SEA PRODUCE LIMITED

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



Secretary

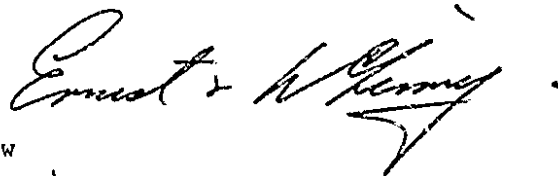
31 March 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF GOLDEN SEA PRODUCE LIMITED

We have audited the accounts set out on pages 4 to 14 in accordance with approved auditing standards. These have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1987 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 requirement of Statement of Standard Accounting Practice No 10 in that it has not presented a source and application of funds statement.



Glasgow

31 Mar 1988

GOLDEN SEA PRODUCE LIMITED


CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1987

	Note	1987 £	1986 £
TURNOVER	2	5,164,276	4,482,491
OPERATING COSTS	3	4,155,892	3,260,797
GROUP OPERATING PROFIT	4	1,008,384	1,221,694
Interest receivable and other income	7	34,265	67,473
Interest payable	8	(295,934)	(296,136)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEM AND TAXATION		746,715	993,031
Exceptional item	9	63,065	-
PROFIT BEFORE TAXATION		683,650	993,031
Taxation	10	175,405	261,988
PROFIT FOR THE FINANCIAL YEAR		£508,245	£731,043
STATEMENT OF ACCUMULATED LOSSES			
Balance at 31 December 1986			
As previously reported		793,568	(274,475)
Prior year adjustment	11	-	337,000
		793,568	62,525
Profit for the year		508,245	731,043
Balance at 31 December 1987	12	£1,301,813	£793,568

## 14

## Ernst &amp; Whinney

	Note	1987 £	1986 £
<b>FIXED ASSETS</b>			
Intangible assets	13	82,656	-
Tangible assets	14	2,252,386	2,119,511
		<u>2,335,042</u>	<u>2,119,511</u>
<b>CURRENT ASSETS</b>			
Stocks	15	2,796,458	2,509,181
Debtors	16	1,149,142	949,806
Cash in bank and in hand		103,201	1,386
		<u>4,048,801</u>	<u>3,460,373</u>
<b>CREDITORS - amounts falling due within one year</b>			
Bank overdraft		-	16,712
Obligations under finance leases	17	95,707	81,367
Amounts owned to parent and fellow subsidiary companies		2,551,269	1,963,186
Group relief creditor		175,405	261,988
Trade and other creditors	18	350,081	341,695
		<u>3,172,462</u>	<u>2,664,948</u>
<b>NET CURRENT ASSETS</b>		<u>876,339</u>	<u>795,425</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,211,381</u>	<u>2,914,936</u>
<b>CREDITORS - amounts falling due after more than one year</b>			
	19	855,569	1,067,369
		<u>£2,355,812</u>	<u>£1,847,567</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	1,000,000	1,000,000
Profit and loss account	12	1,301,813	793,568
Revaluation reserve		53,999	53,999
		<u>£2,355,812</u>	<u>£1,847,567</u>



Directors

31 March 1988

## GOLDEN SEA PRODUCE LIMITED

BALANCE SHEET - 31 DECEMBER 1987

	Note	1987 £	1986 £
<b>FIXED ASSETS</b>			
Intangible assets	13	82,656	-
Tangible assets	14	2,252,386	2,119,511
		<u>2,335,042</u>	<u>2,119,511</u>
<b>CURRENT ASSETS</b>			
Stocks	15	2,796,458	2,509,181
Debtors	16	1,210,067	1,010,731
Cash in bank and in hand		103,201	1,386
		<u>4,109,726</u>	<u>3,521,298</u>
<b>CREDITORS - amounts falling due within one year</b>			
Bank overdraft		-	16,712
Obligations under finance leases	17	95,707	81,367
Amounts owned to parent and fellow subsidiary companies		2,551,269	1,963,186
Group relief creditor		175,405	261,988
Trade and other creditors	18	350,081	341,695
		<u>3,172,462</u>	<u>2,664,948</u>
<b>NET CURRENT ASSETS</b>		<u>937,264</u>	<u>856,350</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,272,306</u>	<u>2,975,861</u>
<b>CREDITORS - amounts falling due after more than one year</b>			
	19	855,569	1,067,369
		<u>£2,416,737</u>	<u>£1,908,492</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	1,000,000	1,000,000
Profit and loss account		1,362,738	854,493
Revaluation Reserve		53,999	53,999

*[Handwritten signatures]*

Directors

31 March 1988

£2,16,737      £1,908,492

GOLDEN SEA PRODUCE LIMITED

NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary for the year ended 31 December.

(c) Depreciation

Freehold land and houses are not depreciated. The cost or valuation of other fixed assets is written off over the expected useful lives of the assets as follows:

Leasehold property	10 years or over the period of the lease if shorter
Machinery and equipment	2.5-10 years
Motor vehicles	3-6 years

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of *ongrown* fish costs include direct labour, feed and direct overheads attributable to fish production.

(e) Research and development

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

(f) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(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 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.

(i) Goodwill

Goodwill arising on the acquisition of the Portland Harbour site is being written off evenly over 10 years.



## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

## 2 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:

	1987 £	1986 £
United Kingdom	4,410,345	2,018,734
Other European countries	725,398	2,249,163
USA	28,533	214,594
	<hr/>	<hr/>
	£5,164,276	£4,482,491
	<hr/>	<hr/>

## 3 OPERATING COSTS

	1987 £	1986 £
Increase in stocks	(347,932)	(378,176)
Raw materials and consumables	1,674,208	1,635,614
Staff costs:		
Wages and salaries	775,057	606,941
Social Security costs	58,334	46,585
Other pension costs	54,411	41,332
Depreciation	624,772	469,923
Other operating charges	1,317,042	838,578
	<hr/>	<hr/>
	£4,135,892	£3,260,797
	<hr/>	<hr/>

## 4 GROUP OPERATING PROFIT is stated after charging:

	1987 £	1986 £
Hire of plant and equipment	42,003	11,338
Auditors' remuneration	11,250	16,000
Directors' remuneration, including pension contributions	61,459	60,056
	<hr/>	<hr/>

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

## 5 EMOLUMENTS OF DIRECTORS

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

	1987 £	1986 £
Chairman	-	-
Highest paid director	33,658	27,883
Other directors in scale:	Number of directors	
Not more than £5,000	5	3
£5,001 - £10,000	1	1
£10,001 - £15,000	1	1
£20,001 - £25,000	-	1

## 6 STAFF NUMBERS

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

	1987	1986
Management	19	13
Administration	8	7
Fish farming and ancillary activities	55	41
	<hr/> 82	<hr/> 61

## 7 INTEREST RECEIVABLE AND OTHER INCOME

	1987 £	1986 £
Interest from group companies	3,928	32,614
Other interest	8,464	7,618
Rental income	21,873	27,241
	<hr/> £34,265	<hr/> £67,473

## 8 INTEREST PAYABLE

	1987 £	1986 £
Leased assets	33,887	52,866
Group loans	71,243	89,339
FELOS account	190,804	153,931
	<hr/> £295,934	<hr/> £296,136

## GOLDEN SEA PRODUCE LIMITED

10

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

## 9 EXCEPTIONAL ITEM

	1987 £	1986 £
Uninsured loss of stock from sea cages during hurricane force winds	63,065	-

## 10 TAXATION

	1987 £	1986 £
The charge based on the profit for the year comprises:		
UK Corporation tax - group relief	175,405	261,988

Payment for group relief has been provided at 18% (1986 - 18%).

## 11 PRIOR YEAR ADJUSTMENT

In 1986 the company changed its accounting policy in respect of the valuation of stocks. Direct overheads attributable to fish production are now included within the valuation of stocks. The effect of this change in policy was to credit the reserves with £337,000 in 1986.

## 12 PROFIT AND LOSS ACCOUNT

	1987 £	1986 £
Retained by:		
The company	1,362,738	854,493
Subsidiary - Scottish Sea Farms Ltd	(60,925)	(60,925)
	<u>£1,301,813</u>	<u>£793,568</u>

The company has not presented its own profit and loss account for the period ended 31 December 1987. Of the group profit for the financial period, £508,245 has been dealt with in the accounts of the company.

## 13 INTANGIBLE ASSETS

	Goodwill £
GROUP AND COMPANY	
Purchased during the year	91,849
Less: written off to profit and loss account for the year	9,193
	<u>£82,656</u>

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

## 14 TANGIBLE ASSETS

	Freehold land and buildings £	Buildings on lease- hold land £	Machinery & equipment	Motor vehicles £	Total £
GROUP AND COMPANY					
NON LEASED ASSETS					
Cost or valuation					
At 1 January 1987	8,511	736,150	2,356,218	151,493	3,252,372
Additions during period	-	65,423	644,731	77,772	787,926
Disposals	-	-	(47,962)	(27,696)	(75,658)
	8,511	801,573	2,952,987	201,569	3,964,640
Depreciation					
At 1 January 1987	1,367	260,336	1,032,613	72,996	1,367,312
Charge for period	(1,367)	48,643	472,920	48,297	568,493
Disposals	-	-	(6,942)	(15,560)	(22,502)
	-	308,279	1,498,591	105,643	1,913,213
Net book value					
At 31 December 1987	8,511	492,594	1,454,396	95,926	2,051,427
GROUP AND COMPANY					
LEASED ASSETS					
Cost or valuation					
At 1 January 1987	-	85,167	476,175	-	561,342
Additions during period	-	-	-	-	-
At 31 December 1987	-	85,167	476,175	-	561,342
Depreciation					
At 1 January 1987	-	33,267	293,624	-	326,891
Charge for period	-	8,517	24,975	-	33,492
At 31 December 1987	-	41,784	318,599	-	360,383
Net book value					
At 31 December 1987	-	43,383	157,576	-	200,959
Total assets					
Net book value					
At 31 December 1987	£8,511	£535,977	£1,611,972	£95,926	£2,252,386
Net book value					
At 31 December 1986	£7,144	£527,714	£1,506,156	£78,497	£2,119,511

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

## 15 STOCKS

	GROUP AND COMPANY	
	1987	1986
	£	£
Materials and feed	253,837	253,305
Ongrowing fish	2,542,621	2,288,856
	<u>£2,796,458</u>	<u>£2,509,181</u>

## 16 DEBTORS

	GROUP		COMPANY	
	1987	1986	1987	1986
	£	£	£	£
Trade debtors	952,968	457,385	952,968	457,385
Prepayments and accrued income	121,725	67,690	121,725	67,690
Amount owned by subsidiary company	-	-	60,925	60,925
Amounts owed by Parent and Fellow Subsidiary companies	-	308,334	-	308,334
Other debtors	74,449	116,397	74,449	116,397
	<u>£1,149,142</u>	<u>£949,806</u>	<u>£1,210,067</u>	<u>£1,020,731</u>

## 17 OBLIGATIONS UNDER FINANCE LEASES

The capital amounts due under finance lease obligations are as follows:

	GROUP AND COMPANY	
	1987	1986
	£	£
Within one year	95,707	81,367
Within two to five years (note 19)	89,336	185,043
	<u>£185,043</u>	<u>£266,410</u>

## 18 TRADE AND OTHER CREDITORS

	GROUP AND COMPANY	
	1987	1986
	£	£
Trade creditor	171,129	205,295
Social security	28,220	20,400
Accruals and deferred income	150,732	116,000
	<u>£350,081</u>	<u>£341,695</u>

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

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

	GROUP AND COMPANY	
	1987	1986
	£	£
Subordinated interest bearing loans	619,665	714,998
Capital amounts due under finance lease obligations within two to five years	89,336	185,043
Deferred grants	146,568	167,328
	<u>£855,569</u>	<u>£1,067,369</u>

The amount of the subordinated interest bearing loans falling due for payment after more than five years is £143,000. This loan is payable twice yearly and interest is charged at 1% above the prevailing base rate.

## 20 DEFERRED TAXATION

No provision for deferred taxation is required. Potential liabilities at 35% (1986 - 35%) exist in respect of:

Accelerated capital allowances	120,266	148,390
Other timing differences	(120,266)	(148,390)
	<u>          </u>	<u>          </u>

## 21 CALLED UP SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid £
At 31 December 1986		
Ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
At 31 December 1987		
Ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>

## NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

## 22 FINANCIAL COMMITMENTS

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

	GROUP AND COMPANY	
	1987	1986
	£	£
Contracted	256,700	95,000
Not contracted	181,000	1,299,600

## 23 SUBSIDIARY COMPANY

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

## 24 HOLDING COMPANY

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

## 25 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.