

FINANCIAL STATEMENTS

ICELANDIC UK LIMITED

FOR THE YEAR ENDED

31 DECEMBER 2000

COMPANY REGISTRATION NUMBER: 3184635



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**FORRESTER
BOYD**
CHARTERED ACCOUNTANTS

ICELANDIC UK LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2000**

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ICELANDIC UK LIMITED

BUSINESS PARTICULARS

COMPANY REGISTRATION NUMBER 3184635

DIRECTORS	G. Svavarsson	Chairman, Icelandic
	M.T. Geirsson	Managing, Icelandic
	H. Andersen	Danish
	F. Uhrenholt	Danish
	A. Fridriksson	Icelandic

SECRETARY	M.T. Geirsson	Icelandic
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REGISTERED OFFICE	Unit 7 Allenby Business Village Crofton Road Lincoln LN3 4NL
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BANKERS	Barclays Bank plc 35 Victoria Street Grimsby DN31 1DE
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SOLICITORS	Andrew M. Jackson & Co. Essex House Manor Street Hull HU1 1XH
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AUDITORS	Forrester Boyd 26 South St. Mary's Gate Grimsby DN31 1LW
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ICELANDIC UK LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited accounts of the company for the year ended 31 December 2000. The profit for the year attributable to shareholders amounts to £173,489 and is dealt with as shown in the profit and loss account.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss for its financial year. In doing so the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

ACTIVITIES

The principal activity of the company, which has remained unchanged throughout the year, is that of a wholesaler of fresh and frozen fish.

BUSINESS REVIEW

Management are pleased with the company's development over the year.

Successful new trading contacts have been established as the company continues to develop its identity within the industry.

The directors believe the company has potential for further improvement.

FIXED ASSETS

The movement on fixed assets is set out in the notes to the accounts.

DIVIDEND

The directors recommend that no dividend be paid.

DIRECTORS

The names of the present directors and changes during the year are set out on page 1. The directors do not have any beneficial interest in the issued share capital of the company.

ICELANDIC UK LIMITED

DIRECTORS' REPORT (CONTINUED)

INTRODUCTION OF THE EURO

Euro

The company presently deals in several foreign currencies and has established systems which can account for the Euro in the same manner as any foreign currency.

The directors are monitoring economic and political developments, and are prepared to conduct a suitable impact analysis when the need arises.

CHARITABLE DONATIONS

During the year, the company paid charitable donations amounting to £1,385 (1999 : £Nil).

AUDITORS

Forrester Boyd have signified their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the annual general meeting.

POLICY ON PAYMENT OF CREDITORS

The company does not have a standard policy on payment of creditors. Terms are agreed with each supplier on an individual basis, and it is company policy to work within these terms as far as possible.

The number of creditor days outstanding at the balance sheet date was 71 (1999 : 79).

**Unit 7 Allenby Business Village
Crofton Road
Lincoln**

BY ORDER OF THE BOARD



**M. T. Geirsson
Secretary**

16th February 2001

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
ICELANDIC UK LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

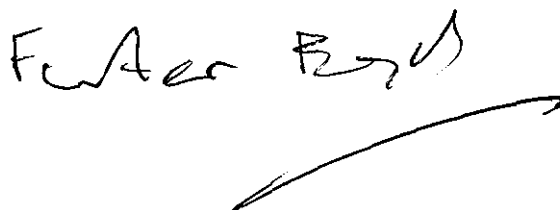
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985.

FORRESTER BOYD
Registered Auditors
Chartered Accountants
26 South St. Mary's Gate,
GRIMSBY.

A handwritten signature in dark ink, appearing to read 'Forrester Boyd', with a long, sweeping horizontal stroke underneath it.

16th February 2001

ICELANDIC UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
Turnover from continuing operations	1/2	31,327,961	38,883,472
Cost of sales		(30,183,345)	(38,048,842)
Gross profit		<u>1,144,616</u>	<u>834,630</u>
Net operating expenses	3	(668,038)	(601,545)
Operating profit from continuing operations	4	<u>476,578</u>	<u>233,085</u>
Interest receivable less payable	7	(243,089)	(107,252)
Profit on ordinary activities before taxation		<u>233,489</u>	<u>125,833</u>
Taxation	8	(60,000)	-
Retained profit for the financial year		<u>173,489</u>	<u>125,833</u>

Movements on reserves are set out in note 14.

The company has no recognised gains or losses other than as shown in the profit and loss account.

The company's results derive entirely from continuing operations.

ICELANDIC UK LIMITED

BALANCE SHEET

AT 31 DECEMBER 2000

	Note	2000 £	2000 £	1999 £	1999 £
FIXED ASSETS					
Tangible assets	9		60,297		40,957
CURRENT ASSETS					
Stock	10	2,066,869		1,501,554	
Debtors	11	4,569,356		7,570,943	
Cash at bank and in hand		300		300	
		<u>6,636,525</u>		<u>9,072,797</u>	
CREDITORS					
Amounts falling due within one year	12	<u>6,328,025</u>		<u>8,918,446</u>	
NET CURRENT ASSETS			308,500		154,351
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>368,797</u>		<u>195,308</u>
CAPITAL AND RESERVES					
Called up share capital	13		300,000		300,000
Profit and loss account	14		68,797		(104,692)
EQUITY SHAREHOLDERS' FUNDS			<u>368,797</u>		<u>195,308</u>

The financial statements were approved by the board of directors on 16th February 2001 and were signed on its behalf by:

G. Svavarsson

M. T. Geirsson

F. Uhrenholt

DIRECTORS

ICELANDIC UK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
CASH FLOW STATEMENT			
Net cash inflow (outflow) from operating activities	16	724,440	(833,666)
Returns on investments and servicing of finance	17	(243,089)	(107,252)
Capital expenditure and financial investment	18	(41,825)	(9,639)
Net increase (decrease) in cash before financing		<u>439,526</u>	<u>(950,557)</u>
Financing - issue of ordinary share capital		-	299,998
Increase (decrease) in cash	19	<u>439,526</u>	<u>(650,559)</u>

Reconciliation of net cash flow to movement in net debt

Increase (decrease) in cash in the year, being change in net funds		439,526	(650,559)
Net (debt) funds at beginning of year		<u>(612,012)</u>	<u>38,547</u>
Net debt at end of year	19	<u>(172,486)</u>	<u>(612,012)</u>

ICELANDIC UK LIMITED
NOTES TO THE ACCOUNTS

Note

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied.

Basis of preparation of financial statements

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

The effect of events relating to the year ended 31 December 2000 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2000 and of the results for the year ended on that date.

Turnover

Turnover represents the amount derived from the provision of goods and services by the company exclusive of V.A.T. All of the company's turnover is derived from one class of business.

Depreciation - Tangible fixed assets

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Motor vehicles	4 years straight line
Fixtures and fittings	8 years straight line
Computer equipment	3 years straight line

Stocks

Stocks have been valued at the lower of cost and net realisable value. Cost includes the cost of materials plus costs of bringing goods to their final location prior to sale.

Deferred taxation

Deferred taxation 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 or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

At 31 December 2000 there was no material unprovided deferred taxation.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

1. ACCOUNTING POLICIES (Continued)

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised at a value equal to the cost incurred by the company in acquiring the relevant assets and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. Finance charges arising are shown under interest payable in the profit and loss account.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a group personal pension scheme. Contributions payable for the year are charged in the profit and loss account as they fall due.

Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

2. ANALYSIS OF TURNOVER

	2000 £	1999 £
Geographical market		
United Kingdom	30,802,358	38,344,147
Europe	525,603	539,325
	31,327,961	38,883,472

3. NET OPERATING EXPENSES

	2000 £	1999 £
Net operating expenses comprise:		
Selling and distribution costs	360,357	265,006
Administrative expenses	307,681	336,539
	668,038	601,545

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

4.	OPERATING PROFIT	2000	1999
		£	£
	This is stated after charging:-		
	Auditors' remuneration and expenses		
	- audit	7,000	7,000
	- other services	1,750	1,110
	Depreciation and amortisation of owned assets	22,485	16,583
	Hire of plant and vehicles - operating leases	33,735	28,300
	Realised foreign exchange losses	-	9,666
	Exceptional items:-		
	Bad debt	-	60,000

5. **STAFF COSTS**

The average monthly number of persons, including directors, employed by the company during the year was as follows.

	2000	1999
	Number	Number
Directors (non-remunerated)	4	7
Management and administration	3	3
Sales	5	4
	12	14

The aggregate payroll costs of these persons were as follows:-

	2000	1999
	£	£
Wages and salaries	313,381	239,106
Social security costs	29,193	22,776
Other pension costs	14,102	14,287
	356,676	276,169

6.	DIRECTORS' REMUNERATION	2000	1999
		£	£
	Directors' emoluments, including estimated benefits in kind	68,112	67,392
	Company contribution to personal pension arrangement	6,656	4,634
	Total directors' emoluments	74,768	72,026

The number of directors accruing benefits under the group personal pension plan was:

	2000	1999
	1	1

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

7.	INTEREST RECEIVABLE LESS PAYABLE	2000	1999
		£	£
	Interest receivable on:		
	- balance due from immediate parent undertaking	59,245	-
	- other balances	1,510	-
		60,755	-
	Interest payable on:		
	- ultimate holding company balance/loans	(260,230)	(67,144)
	- bank overdraft	(43,614)	(40,108)
	Net interest payable	(243,089)	(107,252)
8.	TAXATION	2000	1999
		£	£
	Current Year:		
	Charge for year at 30%	60,000	-

There was no corporation tax charge on trading profits in 1999 due to the availability of tax losses brought forwards from a prior year.

9.	TANGIBLE FIXED ASSETS	Fixtures, fittings and office equipment	Motor vehicles	Total
	Cost	£	£	£
	At 31 December 1999	62,013	-	62,013
	Additions	8,745	33,080	41,825
	At 31 December 2000	70,758	33,080	103,838
	Depreciation:			
	At 31 December 1999	21,056	-	21,056
	Charge for the year	18,633	3,852	22,485
	At 31 December 2000	39,689	3,852	43,541
	Net book value			
	At 31 December 2000	31,069	29,228	60,297
	At 31 December 1999	40,957	-	40,957

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

9. TANGIBLE FIXED ASSETS (continued)

Capital commitments	2000 £	1999 £
At 31st December the company had authorised capital expenditure amounting to:		
Contracted	21,000	-
Not-contracted	-	-
	<u>21,000</u>	<u>-</u>

Leasing commitments

At 31 December 2000 the company had annual commitments under operating leases which expire in relation to the balance sheet date as follows:

	2000 Land & buildings £	2000 Other Leases £	1999 Land & buildings £	1999 Other Leases £
Within one year	-	666	-	18,102
Within two to five years	8,500	11,315	8,500	666
	<u>8,500</u>	<u>11,981</u>	<u>8,500</u>	<u>18,768</u>

10. STOCKS

	2000 £	1999 £
Fish for resale	<u>2,066,869</u>	<u>1,501,554</u>

11. DEBTORS

	2000 £	1999 £
Amounts due within one year:		
Trade debtors	4,438,098	5,581,635
Amount owed by immediate holding company	70,578	1,879,648
Amount owed by fellow subsidiary undertakings	-	85,051
Other debtors	20,453	15,301
Prepayments and accrued income	40,227	9,308
	<u>4,569,356</u>	<u>7,570,943</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

12. CREDITORS	2000	1999
	£	£
Amounts due within one year:		
Bank overdraft	172,786	612,312
Trade creditors	2,943,114	104,837
Amounts owed to ultimate holding company	2,639,728	8,048,453
Amounts owed to immediate holding company	20,100	-
Amounts owed to fellow subsidiary undertakings	380,402	7,183
Corporation tax	60,000	-
Other tax and social security	19,961	10,424
Accruals and deferred income	91,934	135,237
	<u>6,328,025</u>	<u>8,918,446</u>

Borrowings

The company's bank overdraft facility is secured by a charge over all assets and is underwritten by a letter of comfort from the ultimate holding company.

13. SHARE CAPITAL	2000	1999
	£	£
Authorised		
300,000 (1999 : 300,000) Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid		
300,000 (1999 : 300,000) Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

14. RESERVES	Profit and loss account £
At 31 December 1999	(104,692)
Retained profit	<u>173,489</u>
At 31 December 2000	<u>68,797</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	173,489	125,833
Share capital subscribed	-	299,998
Net increase in shareholders' funds	173,489	425,831
Opening shareholders' funds	195,308	(230,523)
Closing shareholders' funds	368,797	195,308

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Operating profit	476,578	233,085
Depreciation charges	22,485	16,583
(Increase) decrease in stocks	(565,315)	270,905
Decrease in debtors	3,001,587	1,005,705
Decrease in creditors		
excluding bank overdraft and corporation tax	(2,210,895)	(2,359,944)
Net cash inflow (outflow) from operating activities	724,440	(833,666)

17. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2000	1999
	£	£
Interest received	60,755	-
Interest paid	(303,844)	(107,252)
Net cash outflow from returns on investments and servicing of finance	(243,089)	(107,252)

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

18. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2000	1999
	£	£
Payments to acquire tangible fixed assets	(41,825)	(9,639)

19. ANALYSIS OF CHANGES IN NET DEBT

	At beginning of year £	Cash flows £	Other changes £	At end of year £
Cash at bank and in hand	300	-	-	300
Bank overdraft	(612,312)	439,526	-	(172,786)
	<u>(612,012)</u>	<u>439,526</u>	<u>-</u>	<u>(172,486)</u>

20. PENSION COSTS

The company operates a group personal pension arrangement.

The cost to the company of making payments to this scheme during the year amounted to £14,102 (1999 : £14,287).

As at the balance sheet date, there were no material prepaid or accrued contributions.

21. RELATED PARTY TRANSACTIONS AND HOLDING COMPANIES

Controlling Parties

The whole of Icelandic UK Limited's issued share capital is owned by Coldwater Seafood (UK) Limited, a company incorporated in England and Wales.

The ultimate controlling party is Icelandic Freezing Plants Corporation Plc, a company incorporated in Iceland. That company owns 75% of the issued share capital of Coldwater Seafood (UK) Limited.

Related Party Transactions

In its ordinary course of business, Icelandic UK Limited has engaged in commercial transactions with and incurred balances with the ultimate holding company and fellow subsidiaries.

Transactions during the year and year end balances with all companies have been eliminated in the consolidated accounts of Icelandic Freezing Plants Corporation Plc. Copies of those accounts are available to the public from the Icelandic UK Limited registered office shown on page 1.

As explained in note 12, Icelandic Freezing Plants Corporation Plc has provided assurances to Icelandic UK Limited's bankers in respect of borrowing facilities.