

FINANCIAL STATEMENTS

REGISTRARS

ICELANDIC UK LIMITED

FOR THE YEAR ENDED

31 DECEMBER 2001

COMPANY REGISTRATION NUMBER: 3184635



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FORRESTER
BOYD
CHARTERED ACCOUNTANTS

ICELANDIC UK LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2001**

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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

Suite 2
The Carlton Centre
Lincoln

BANKERS

Yorkshire Bank Plc
8 Guildhall Street
Lincoln

SOLICITORS

Andrew M. Jackson & Co.
Essex House
Manor Street
Hull

AUDITORS

Forrester Boyd
26 South Saint Mary's Gate
Grimsby

ICELANDIC UK LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited accounts of the company for the year ended 31 December 2001. The profit for the year attributable to shareholders amounts to £397,292 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, having secured a strong market position which provides potential for further profitable development.

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 £1,325 (2000 : £1,385).

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 54 (2000 : 71).

Unit 7 Allenby Business Village
Crofton Road
Lincoln

BY ORDER OF THE BOARD


M. T. Geirsson
Secretary

15 February 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

ICELANDIC UK LIMITED

We have audited the financial statements of Icelandic UK Limited for the year ended 31 December 2001 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Audit 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.

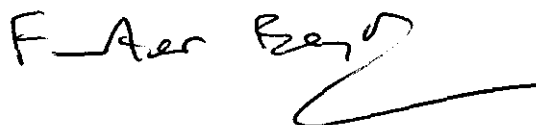
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 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.

FORRESTER BOYD

Registered Auditors
Chartered Accountants
26 South Saint Mary's Gate,
GRIMSBY.



15 February 2002

ICELANDIC UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
Turnover from continuing operations	1/2	41,781,660	31,327,961
Cost of sales		(40,028,384)	(30,183,345)
Gross profit		<u>1,753,276</u>	<u>1,144,616</u>
Net operating expenses	3	(945,857)	(668,038)
Operating profit from continuing operations	4	<u>807,419</u>	<u>476,578</u>
Interest receivable less payable	7	(230,863)	(243,089)
Profit on ordinary activities before taxation		<u>576,556</u>	<u>233,489</u>
Taxation	8	(179,264)	(60,000)
Retained profit for the financial year		<u>397,292</u>	<u>173,489</u>

Movements on reserves are set out in note 15.

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 2001

	Note	2001 £	2001 £	2000 £	2000 £
FIXED ASSETS					
Tangible assets	9		96,486		60,297
CURRENT ASSETS					
Stock	10	2,634,443		2,066,869	
Debtors	11	7,320,438		4,569,356	
Cash at bank and in hand		176,853		300	
		<u>10,131,734</u>		<u>6,636,525</u>	
CREDITORS					
Amounts falling due within one year	12	<u>9,282,131</u>		<u>6,328,025</u>	
NET CURRENT ASSETS			849,603		308,500
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>946,089</u>		<u>368,797</u>
CREDITORS					
Amounts falling due after one year	13		<u>180,000</u>		-
NET ASSETS			<u>766,089</u>		<u>368,797</u>
CAPITAL AND RESERVES					
Called up share capital	14		300,000		300,000
Profit and loss account	15		<u>466,089</u>		<u>68,797</u>
EQUITY SHAREHOLDERS' FUNDS	16		<u>766,089</u>		<u>368,797</u>

The financial statements were approved by the board of directors on 15 February 2002 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 2001

	Note	2001 £	2000 £
CASH FLOW STATEMENT			
Net cash (outflow) inflow from operating activities	17	(773,707)	724,440
Returns on investments and servicing of finance	18	(230,863)	(243,089)
Taxation	19	(59,264)	-
Capital expenditure	20	(70,841)	(41,825)
Net (decrease) increase in cash before financing		(1,134,675)	439,526
Financing		-	-
Increase (decrease) in cash	21	(1,134,675)	439,526

Reconciliation of net cash flow to movement in net debt

(Decrease) increase in cash in the year, being change in net funds		(1,134,675)	439,526
Net debt at beginning of year		(172,486)	(612,012)
Net debt at end of year	21	(1,307,161)	(172,486)

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 2001 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 2001 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 2001 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

	2001 £	2000 £
Geographical market		
United Kingdom	40,508,338	30,802,358
Europe	1,273,322	525,603
	41,781,660	31,327,961

3. NET OPERATING EXPENSES

	2001 £	2000 £
Net operating expenses comprise:		
Selling and distribution costs	457,950	360,357
Administrative expenses	487,907	307,681
	945,857	668,038

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

4.	OPERATING PROFIT	2001	2000
		£	£
	This is stated after charging:-		
	Auditors' remuneration and expenses		
	- audit	7,000	7,000
	- other services	1,575	1,750
	Depreciation and amortisation of owned assets	34,652	22,485
	Hire of plant and vehicles - operating leases	14,633	33,735

5. **STAFF COSTS**

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

	2001	2000
	Number	Number
Directors (non-remunerated)	4	4
Management and administration	3	3
Sales	7	5
	14	12

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

	2001	2000
	£	£
Wages and salaries	390,021	313,381
Social security costs	43,538	29,193
Other pension costs	21,283	14,102
	454,842	356,676

6.	DIRECTORS' REMUNERATION	2001	2000
		£	£
	Directors' emoluments, including estimated benefits in kind	88,315	68,112
	Company contribution to personal pension arrangement	9,000	6,656
	Total directors' emoluments	97,315	74,768

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

1	1

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

7.	INTEREST RECEIVABLE LESS PAYABLE	2001	2000
		£	£
	Interest receivable on:		
	- balance due from immediate parent undertaking	-	59,245
	- other balances	320	1,510
		<u>320</u>	<u>60,755</u>
	Interest payable on:		
	- ultimate holding company balance/loans	(194,920)	(260,230)
	- bank borrowings	(36,263)	(43,614)
		<u>(230,863)</u>	<u>(243,089)</u>
	Net interest payable		
8.	TAXATION	2001	2000
		£	£
	Current Year:		
	Provision for payment in respect of group relief	180,000	-
	Charge for year at 30%	-	60,000
	Prior Year:		
	Overprovision	(736)	-
		<u>179,264</u>	<u>60,000</u>
9.	TANGIBLE FIXED ASSETS		
		Fixtures, fittings and office equipment	Motor vehicles
	Cost	£	£
	At 31 December 2000	70,758	33,080
	Additions	17,325	53,516
		<u>88,083</u>	<u>86,596</u>
	At 31 December 2001		
		<u>88,083</u>	<u>86,596</u>
	Depreciation:		
	At 31 December 2000	39,689	3,852
	Charge for the year	21,455	13,197
		<u>61,144</u>	<u>17,049</u>
	At 31 December 2001		
		<u>61,144</u>	<u>17,049</u>
	Net book value		
	At 31 December 2001	26,939	69,547
		<u>26,939</u>	<u>69,547</u>
	At 31 December 2000	31,069	29,228
		<u>31,069</u>	<u>29,228</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

9. TANGIBLE FIXED ASSETS (continued)

Capital commitments	2001 £	2000 £
At 31st December the company had authorised capital expenditure amounting to:		
Contracted	20,000	21,000
Not-contracted	-	-
	<u>20,000</u>	<u>21,000</u>

Leasing commitments

At 31 December 2001 the company had annual commitments under operating leases which expire in relation to the balance sheet date as follows:

	2001 Land & buildings £	2001 Other Leases £	2000 Land & buildings £	2000 Other Leases £
Within one year	-	650	-	666
Within two to five years	-	7,500	8,500	11,315
After more than five years	19,000	-	-	-
	<u>19,000</u>	<u>8,150</u>	<u>8,500</u>	<u>11,981</u>

10. STOCKS	2001 £	2000 £
Fish for resale	<u>2,634,443</u>	<u>2,066,869</u>

11. DEBTORS	2001 £	2000 £
Amounts due within one year:		
Trade debtors	6,973,964	4,438,098
Amount owed by immediate holding company	222,422	70,578
Other debtors	31,130	20,453
Prepayments and accrued income	92,922	40,227
	<u>7,320,438</u>	<u>4,569,356</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

12. CREDITORS	2001 £	2000 £
Amounts due within one year:		
Bank overdraft	-	172,786
Bank loan – other	1,484,014	-
Trade creditors	5,043,142	2,943,114
Amounts owed to ultimate holding company	2,413,127	2,639,728
Amounts owed to immediate holding company	6,997	20,100
Amounts owed to fellow subsidiary undertakings	160,167	380,402
Corporation tax	-	60,000
Other tax and social security	39,267	19,961
Accruals and deferred income	135,417	91,934
	<u>9,282,131</u>	<u>6,328,025</u>

Borrowings

The company's other bank loan was secured by a first charge over all trade debts and a debenture over all other assets.

13. CREDITORS	2001 £	2000 £
Amounts due after one year:		
Amounts owed to immediate holding company	<u>180,000</u>	<u>-</u>

14. SHARE CAPITAL	2001 £	2000 £
Authorised		
300,000 (2000 : 300,000) Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid		
300,000 (2000 : 300,000) Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

15. RESERVES	Profit and loss account £
At 31 December 2000	68,797
Retained profit	<u>397,292</u>
At 31 December 2001	<u>466,089</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Profit for the financial year	397,292	173,489
Net increase in shareholders' funds	397,292	173,489
Opening shareholders' funds	368,797	195,308
Closing shareholders' funds	766,089	368,797

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

	2001	2000
	£	£
Operating profit	807,419	476,578
Depreciation charges	34,652	22,485
Increase in stocks	(567,574)	(565,315)
(Increase) decrease in debtors	(2,751,082)	3,001,587
Increase (decrease) in creditors excluding bank borrowing and corporation tax	1,702,878	(2,210,895)
Net cash (outflow) inflow from operating activities	(773,707)	724,440

18. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2001	2000
	£	£
Interest received	320	60,755
Interest paid	(231,183)	(303,844)
Net cash outflow from returns on investments and servicing of finance	(230,863)	(243,089)

19. TAXATION

UK Corporation tax paid	(59,264)	-
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ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

20.	CAPITAL EXPENDITURE	2001	2000		
		£	£		
	Payments to acquire tangible fixed assets	(70,841)	(41,825)		
21.	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	176,553	-	176,853
	Bank overdraft	(172,786)	172,786	-	-
	Bank loan – other	-	(1,484,014)	-	(1,484,014)
		(172,486)	(1,134,675)	-	(1,307,161)

22. 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 £18,930 (2000 : £14,102).

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

23. 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.