

3184635

ICELANDIC UK LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2002

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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 2002. The profit for the year attributable to shareholders amounts to £268,283 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

This has been a satisfactory year for the company, which has been one of consolidation after a strong performance in 2001. The directors are confident in the company's market and brand position and believe that this gives a good platform for further 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 £400 (2001 : £1,325).

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.

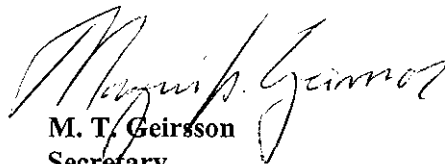
POLICY ON PAYMENT OF CREDITORS

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 44 (2001 : 54).

BY ORDER OF THE BOARD

Unit 7 Allenby Business Village
Crofton Road
Lincoln


M. T. Geirsson
Secretary

17 February 2003

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 2002 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Forrester Boyd

FORRESTER BOYD

Registered Auditors

Chartered Accountants

26 South Saint Mary's Gate,

GRIMSBY.

17 FEBRUARY 2003

ICELANDIC UK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Turnover from continuing operations	1/2	40,508,366	41,781,660
Cost of sales		(39,030,596)	(40,028,384)
Gross profit		<u>1,477,770</u>	<u>1,753,276</u>
Net operating expenses	3	(904,233)	(945,857)
Operating profit from continuing operations	4	<u>573,537</u>	<u>807,419</u>
Interest payable less receivable	7	(185,254)	(230,863)
Profit on ordinary activities before taxation		<u>388,283</u>	<u>576,556</u>
Taxation	8	(120,000)	(179,264)
Retained profit for the financial year		<u>268,283</u>	<u>397,292</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 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	9		127,601		96,486
CURRENT ASSETS					
Stock	10	3,894,999		2,634,443	
Debtors	11	5,391,821		7,320,438	
Cash at bank and in hand		9,628		176,853	
		9,296,448		10,131,734	
CREDITORS					
Amounts falling due within one year	12	8,089,677		9,282,131	
NET CURRENT ASSETS					
			1,206,771		849,603
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,334,372		946,089
CREDITORS					
Amounts falling due after one year	13		300,000		180,000
NET ASSETS					
			1,034,372		766,089
CAPITAL AND RESERVES					
Called up share capital	14		300,000		300,000
Profit and loss account	15		734,372		466,089
EQUITY SHAREHOLDERS' FUNDS					
	16		1,034,372		766,089

The financial statements were approved by the board of directors on 17 February 2003 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 2002

	Note	2002 £	2001 £
CASH FLOW STATEMENT			
Net cash outflow from operating activities	17	(1,375,181))	(773,707)
Returns on investments and servicing of finance	18	(185,254)	(230,863)
Taxation	19	(50,000)	(59,264)
Capital expenditure	20	(76,261)	(70,841)
Net decrease in cash before financing		<u>(1,686,696)</u>	<u>(1,134,675)</u>
Financing		-	-
Decrease in cash	21	<u>(1,686,696)</u>	<u>(1,134,675)</u>

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the year, being change in net funds		(1,686,696)	(1,134,675)
Net debt at beginning of year		<u>(1,307,161)</u>	<u>(172,486)</u>
Net debt at end of year	21	<u>(2,993,857)</u>	<u>(1,307,161)</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 2002 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 2002 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 on a full provision basis.

At 31 December 2002 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	2002 £	2001 £
	Geographical market		
	United Kingdom	38,804,156	40,508,338
	Europe	1,682,904	1,273,322
	United States of America	21,306	-
		40,508,366	41,781,660
3.	NET OPERATING EXPENSES	2002 £	2001 £
	Net operating expenses comprise:		
	Selling and distribution costs	449,631	457,950
	Administrative expenses	454,602	487,907
		904,233	945,857

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

4.	OPERATING PROFIT	2002 £	2001 £
	This is stated after charging:-		
	Auditors' remuneration and expenses		
	- audit	7,000	7,000
	- other services	2,135	1,575
	Depreciation and amortisation of owned assets	42,339	34,652
	Hire of plant and vehicles - operating leases	8,373	14,633
	Loss on sale of tangible fixed assets	2,807	-

5. STAFF COSTS

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

	2002 Number	2001 Number
Directors (non-remunerated)	4	4
Management and administration	3	3
Sales	7	7
	14	14

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

	2002 £	2001 £
Wages and salaries	376,669	390,021
Social security costs	43,426	43,538
Other pension costs	19,792	21,283
	439,887	454,842

6.	DIRECTORS' REMUNERATION	2002 £	2001 £
	Directors' emoluments, including estimated benefits in kind	134,668	119,049
	Company contribution to personal pension arrangement	9,000	9,000
	Total directors' emoluments	143,668	128,049

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 PAYABLE LESS RECEIVABLE	2002 £	2001 £	
	Interest receivable on:			
	- other balances	737	320	
		737	320	
	Interest payable on:			
	- ultimate holding company balance/loans	(34,166)	(194,920)	
	- bank borrowings	(151,825)	(36,263)	
		(185,254)	(230,863)	
	Net interest payable			
		(185,254)	(230,863)	
8.	TAXATION	2002 £	2001 £	
	Current Year:			
	Provision for payment in respect of group relief	120,000	180,000	
	Prior Year:			
	Overprovision	-	(736)	
		120,000	179,264	
9.	TANGIBLE FIXED ASSETS	Fixtures, fittings and office equipment £	Motor vehicles £	Total £
	Cost			
	At 31 December 2001	88,083	86,596	174,679
	Additions	12,427	106,584	119,011
	Disposals	-	(72,491)	(72,491)
		100,510	120,689	221,199
	At 31 December 2002			
	Depreciation:			
	At 31 December 2001	61,144	17,049	78,193
	Charge for the year	11,044	31,295	42,339
	Relating to disposals	-	(26,934)	(26,934)
		72,188	21,410	93,598
	At 31 December 2002			
	Net book value			
	At 31 December 2002	28,322	99,279	127,601
		28,322	99,279	127,601
	At 31 December 2001	26,939	69,547	96,486
		26,939	69,547	96,486

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

9. TANGIBLE FIXED ASSETS (continued)

Capital commitments	2002 £	2001 £
At 31st December the company had authorised capital expenditure amounting to:		
Contracted	-	20,000
Not-contracted	-	-
	-	20,000

Leasing commitments

At 31 December 2002 the company had annual commitments under operating leases which expire in relation to the balance sheet date as follows:

	2002 Land & buildings £	2002 Other Leases £	2001 Land & buildings £	2001 Other Leases £
Within one year	-	-	-	650
Within two to five years	-	-	-	7,500
After more than five years	19,000	-	19,000	-
	19,000	-	19,000	8,150

10. STOCKS

	2002 £	2001 £
Fish for resale	3,894,999	2,634,443

11. DEBTORS

	2002 £	2001 £
Amounts due within one year:		
Trade debtors	5,230,508	6,973,964
Amount owed by immediate holding company	30,528	222,422
Amount owed by fellow subsidiary undertakings	272	-
Other debtors	42,497	31,130
Prepayments and accrued income	38,016	92,922
Corporation tax recoverable	50,000	-
	5,391,821	7,320,438

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

12. CREDITORS	2002 £	2001 £
Amounts due within one year:		
Bank loan – other	3,003,485	1,484,014
Trade creditors	4,724,379	5,043,142
Amounts owed to ultimate holding company	186,090	2,413,127
Amounts owed to immediate holding company	-	6,997
Amounts owed to fellow subsidiary undertakings	-	160,167
Other tax and social security	29,104	39,267
Accruals and deferred income	146,619	135,417
	<u>8,089,677</u>	<u>9,282,131</u>

Borrowings

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

13. CREDITORS	2002 £	2001 £
Amounts due after one year:		
Amounts owed to immediate holding company	<u>300,000</u>	<u>180,000</u>

14. SHARE CAPITAL	2002 £	2001 £
Authorised		
300,000 (2001 : 300,000) Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid		
300,000 (2001 : 300,000) Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

15. RESERVES	Profit and loss account £
At 31 December 2001	466,089
Retained profit	<u>268,283</u>
At 31 December 2002	<u>734,372</u>

ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	268,283	397,292
Net increase in shareholders' funds	268,283	397,292
Opening shareholders' funds	766,089	368,797
Closing shareholders' funds	1,034,372	766,089

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

	2002 £	2001 £
Operating profit	573,537	807,419
Depreciation charges	42,339	34,652
Loss on sale of tangible fixed assets	2,807	-
(Increase) in stocks	(1,260,556)	(567,574)
(Increase) decrease in debtors excluding corporation tax	1,978,617	(2,751,082)
Increase (decrease) in creditors excluding bank borrowing and corporation tax	(2,711,925)	1,702,878
Net cash (outflow) inflow from operating activities	(1,375,181)	(773,707)

18. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2002 £	2001 £
Interest received	737	320
Interest paid	(185,991)	(231,183)
Net cash outflow from returns on investments and servicing of finance	(185,254)	(230,863)

19. TAXATION

UK Corporation tax paid	(50,000)	(59,264)
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ICELANDIC UK LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

Note

20.	CAPITAL EXPENDITURE	2002 £	2001 £
	Payments to acquire tangible fixed assets	(119,011)	(70,841)
	Proceeds on sale of tangible fixed assets	42,750	-
	Net cash outflow from capital expenditure	(76,261)	(70,841)

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	176,853	(167,225)	-	9,628
Bank loan – other	(1,484,014)	(1,519,471)	-	(3,003,485)
	(1,307,161)	(1,686,696)	-	(2,993,857)

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 £19,792 (2001 : £18,930).

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.