Sea Catch plc

Report and financial statements

for the year ended 31 December 2002

Registered no. 103739

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COMPANIES HOUSE 07/07/03

Sea Catch plc

Report and financial statements for the year ended 31 December 2002

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Sea Catch plc

Directors' report
for the year ended 31 December 2002

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2002.

Principal activities
The principal activity of the Company during the year was that of fish farming.

Results and dividends
The Company's profit for the financial year after taxation is £9,164 (2001 loss £568,182). The directors propose that no dividend be paid on the share capital and the profit for the year be deducted from the accumulated deficit on reserves.

Review of business activities and future developments
On 28 February the Company entered into a management agreement to lease its business and assets to a third party which removed the impact of low sales prices and returned the Company to profitability. The Company's stocks were also sold to the third party.

On 30 June 2002 as part of a group reorganisation the Company's business and assets were transferred to Highland Fish Farmers Ltd, the Company's immediate parent company, for a net consideration of £1,614,111 (see note 17) and the Company has not traded since that date. There are no plans to resume trading. As at the transfer date Highland Fish Farmers Ltd assumed responsibility for all the liabilities and obligations of the Company including future liability to UK Corporation Tax.

Tangible fixed assets
Details of changes in tangible fixed assets during the year are set out in note 6.

Directors and their interests
The directors in office during the year and up to the date of this report were:

E C Garrett
J G Masson
R I Auckland
M Hislop

None of the directors has an interest in the share capital of the Company.

Mr J G Masson and Mr M Hislop have no interest in the share capital of the group at 31 December 2002 or at 31 December 2001. The two other directors are also directors of J W Holdings Ltd, the Company's ultimate parent company. The directors' share interests in J W Holdings Ltd are declared by that company.

Directors' report
for the year ended 31 December 2002 (continued)

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed.

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

Secretary

On 14 March 2003 Robert I Auckland who was the Company's secretary resigned. On the same day Mitchell Hislop was appointed in his place.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 18 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually has been passed. Accordingly, PricewaterhouseCoopers LLP continue in office as auditors, having expressed their willingness to do so.

By order of the board



Mitchell Hislop
Secretary

45 Sinclair Road
Aberdeen
AB11 9BG

Independent auditors' report to the members of Sea Catch plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 the Company's affairs at 31 December 2002 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Aberdeen
27 May 2003

Sea Catch plc

Profit and loss account

for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover	**2**	**3,141,518**	3,584,443
Changes in stock of fish		**(2,415,394)**	183,728
Exceptional stock losses		**-**	(81,895)
		726,124	3,686,276
Other operating income	**3**	**-**	51,795
		726,124	3,738,071
Raw materials and consumables		**(160,425)**	(1,904,053)
Depreciation	**6**	**(120,495)**	(428,071)
Other operating charges		**(409,392)**	(2,169,838)
Profit/(loss) on ordinary activities before taxation	**3**	**35,812**	(763,891)
Taxation	**5**	**(26,648)**	195,709
Profit/(loss) for the year	**12**	**9,164**	(568,182)

All of the above activities relate to discontinuing operations.

The Company had no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

Sea Catch plc

Balance sheet
at 31 December 2002

	Note	2002	2001
		£	£
Fixed assets			
Tangible fixed assets	6	-	1,173,868
Current assets			
Stocks	7	-	2,415,394
Debtors	8	**78,020**	260,857
Cash at bank		-	2,117,887
		78,020	4,794,138
Current liabilities			
Creditors: amounts falling due within one year	9	-	(5,899,150)
Net current assets/(liabilities)		**78,020**	(1,105,012)
Total assets less current liabilities		**78,020**	68,856
Capital and reserves			
Called up share capital	11	**934,558**	934,558
Share premium account	12	**846,807**	846,807
Profit and loss account deficit	12	**(1,703,345)**	(1,712,509)
Equity shareholder's funds	13	**78,020**	68,856

The financial statements on pages 4 to 12 were approved by the board of directors on 23 May 2003 and are signed on its behalf by:

M Hislop **Director**

R I Auckland **Director**

Sea Catch plc

Cash flow statement
for the year ended 31 December 2002

	Note	2002 £	2001 £
Net cash (outflow)/inflow from:			
Operating activities	**18a**	**(3,307,576)**	118,338
United Kingdom corporation tax recovered		**136,316**	32,745
Capital expenditure and financial investments	**18d**	**1,053,373**	(1,070,058)
Net cash outflow	**18b**	**(2,117,887)**	(918,975)
Decrease in cash		**(2,117,887)**	(918,975)

Notes to the financial statements for the year ended 31 December 2002

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Turnover

Turnover represents amounts received and receivable, exclusive of VAT and trade discounts, for goods and services supplied during the year.

Tangible fixed assets

Tangible fixed assets are stated at cost.

Depreciation of tangible fixed assets until 28 February 2002 is calculated by reference to cost at rates estimated to write off the relevant assets by equal annual instalments over their expected useful lives, which are mainly:

Leasehold property	Over the terms of the leases, 10 to 35 years
Plant and equipment	5 to 18 years
Vehicles	4 years

From 28 February 2002 the Company entered an agreement to lease its plant and equipment and vehicles to a third party over a 6 year period. From that date, following a review of the remaining useful lives, depreciation is calculated by reference to net book value at a rate to write off the relevant assets by equal instalments over a 6 year period.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost, where appropriate, includes a proportion of overhead expenses.

Operating leases

Income from assets owned and leased out under operating leases is credited to the profit & loss account on a straight line basis over the lease term.

The Company has complied with the disclosure requirements of the Finance and Leasing Association SORP.

2 Turnover

	2002	2001
	£	£
The geographical analysis of sales by destination is as follows:		
United Kingdom	**3,107,522**	3,548,624
Rest of Europe	**33,996**	35,819
	3,141,518	3,584,443

Notes to the financial statements for the year ended 31 December 2002 (continued)

3 Profit/(loss) before taxation

	2002 £	2001 £
Profit/(loss) before taxation is stated after charging/(crediting):		
Auditors' remuneration	-	1,000
Loss on sale of fixed assets	-	827
Insurance claim recovered	-	(34,891)
Bad debts recovered	-	(16,904)
Aggregate rental received under operating leases	(97,653)	-

In 2001 the Company suffered abnormal stock losses of £81,895 as a result mainly of jelly fish infestation.

The auditors remuneration was paid by the Company's immediate parent company.

Goods and services are provided to the Company by its immediate parent company. The charges for these goods and services take account of interest on bank balances.

4 Directors and employees

The Company has no employees and the directors received no remuneration during the year (2001 £nil). Directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent companies.

5 Taxation

	2002 £	2001 £
Current tax:		
UK corporation tax at 30%	**2,373**	(195,709)
Prior years adjustment	**24,275**	-
	26,648	(195,709)

As noted in the directors report the Company's liability to UK Corporation Tax was transferred to Highland Fish Farmers Ltd on 30 June 2002.

The current tax charge on profit on ordinary activities varied from the standard rate of corporation tax in the UK due to the following factors:

	2002 £	2001 £
UK Corporation tax at standard rate 30%	**10,744**	(229,167)
Permanent differences	**(4,995)**	11,496
Effect of utilisation of tax losses brought forward on which deferred tax asset has not been provided	**(3,776)**	-
Effect of reversal of fixed asset timing difference on which deferred tax asset has not been provided	-	21,962
Adjustment to current tax charge for prior periods	**24,275**	-
	26,248	(195,709)

Notes to the financial statements

for the year ended 31 December 2002 (continued)

6 Tangible fixed assets

	Short leasehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2002	215,749	2,909,727	56,599	3,182,075
Transfers to immediate parent company	(215,749)	(2,909,727)	(56,599)	(3,182,075)
At 31 December 2002	-	-	-	-
Aggregate depreciation				
At 1 January 2002	150,377	1,808,577	49,253	2,008,207
Charge for the year	6,337	113,388	770	120,495
Transfers to immediate parent company	(156,714)	(1,921,965)	(50,023)	(2,128,702)
At 31 December 2002	-	-	-	-
Net book value				
At 31 December 2002	-	-	-	-
At 31 December 2001	65,372	1,101,150	7,346	1,173,868

On 30 June 2002 all of the Company's tangible fixed assets were transferred to the Company's immediate parent company Highland Fish Farmers Ltd (see note 17).

7 Stocks

	2002 £	2001 £
Fish livestock	-	2,415,394

Included in the value of fish is interest of £nil (2001 £122,341).

8 Debtors

	2002 £	2001 £
Amounts due from fellow subsidiary undertaking	-	63,002
Amounts due from immediate parent company	**78,020**	-
Group relief receivable	-	162,964
Other debtors	-	34,891
	78,020	260,857

Notes to the financial statements for the year ended 31 December 2002 (continued)

9 Creditors

	2002 £	2001 £
Amounts falling due within one year:		
Amounts owed to immediate parent company	-	5,899,150

10 Provision for liabilities and charges

The deferred taxation liability, which has been provided for in these accounts at 30% is as follows:

	Provided		Not provided	
	2002 £	2001 £	2002 £	2001 £
Accelerated capital allowances	-	48,983	-	-
Losses carried forward	-	(48,983)	-	(186,640)
	-	-	-	(186,640)

A deferred tax asset of £nil (2001:£186,640) in respect of unutilised losses has not been recognised in these accounts on the grounds that there was insufficient evidence that there will be sufficient taxable profits from which these losses can be deducted.

11 Called up share capital

	2002 £	2001 £
Authorised		
3,000,000 ordinary shares of 50p each	**1,500,000**	1,500,000
Allotted, called up and fully paid		
1,869,115 ordinary shares of 50p each	**934,558**	934,558

12 Reserves

	Profit and loss account £	Share premium £
At 1 January 2002	**(1,712,509)**	**846,807**
Profit for the year	**9,164**	-
At 31 December 2002	**(1,703,345)**	**846,807**

Notes to the financial statements

for the year ended 31 December 2002 (continued)

13 Reconciliation of movement in shareholder's funds

	2002	2001
	£	£
Profit/(loss) for the year	9,164	(568,182)
Opening shareholder's funds	68,856	637,038
Closing shareholder's funds	78,020	68,856

14 Contingent liabilities

The Company has a contingent liability arising from a guarantee without limit extended to the group's principal bankers in respect of sums advanced to the Company and to certain other members of the group.

15 Related party transactions

	Year ended 31 December 2002		At 31 December 2002	
	Purchases from	Sales to	Due to	Due from
	£	£	£	£
Allan and Dey Ltd	-	177,753	-	-
Highland Fish Farmers Ltd	569,817	-	-	78,020
	569,817	177,753	-	78,020

The sales and purchases shown in the table above include cost recharges to and from group undertakings.

A substantial part of the Company's turnover in 2002 was with fellow subsidiary undertaking Allan and Dey Ltd and immediate parent Company Highland Fish Farmers Ltd. Similarly the Company's raw materials and consumables and other operating charges were charged by immediate parent Company Highland Fish Farmers Ltd.

16 Ultimate parent company

The directors report that Highland Fish Farmers Ltd, registered in Scotland, is the Company's immediate parent company and that J W Holdings Ltd, registered in Scotland, is the Company's ultimate parent company. J W Holdings Ltd is controlled by Sir Ian Wood and his children through a number of trusts.

17 Assets transferred

As noted in the directors' report, on 30 June 2002 as part of a group reorganisation the Company's business and assets were transferred to Highland Fish Farmers Ltd, the Company's immediate parent company, for a consideration of £1,614,111 and the Company has not traded since that date. There are no plans to resume trading.

	£
Tangible fixed assets	1,053,373
Trade debtors	2,963,765
Trade creditors	(569,817)
Other creditors	(16,807)
Corporation tax payable	(26,648)
Bank overdraft	(1,789,755)
	1,614,111

The transfer was satisfied by adjustment to the amount due to Highland Fish Farmers Ltd.

Notes to the financial statements for the year ended 31 December 2002 (continued)

18 Cash flow statement

	2002 £	2001 £
(a) Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from discontinued operating activities		
Operating profit/(loss)	**35,812**	(763,891)
Depreciation on tangible fixed assets	**120,495**	428,071
Loss on sale of fixed assets	**-**	827
Sale of stocks to third party under management agreement	**2,702,791**	-
Increase in stocks	**(287,397)**	(183,728)
Decrease in stock due to exceptional item (note 3)	**-**	81,895
Decrease/(increase) in other debtors	**34,891**	(34,891)
Decrease in amounts due from fellow subsidiary undertakings	**63,002**	9,583
(Decrease)/increase in amounts due to parent company	**(5,977,170)**	580,472
Net cash (outlflow)/inflow from discontinued operating activities	**(3,307,576)**	118,338

	2002 £	2001 £
(b) Analysis of changes in net debt during the year:		
At 1 January	**2,117,887**	3,036,862
Net cash outflow	**(2,117,887)**	(918,975)
At 31 December	**-**	2,117,887

(c) Analysis of balances of cash as shown in the balance sheet:

	31 December 2002 £	Change in year £	31 December 2001 £	Change in year £	31 December 2000 £
Cash at bank	**-**	**(2,117,887)**	2,117,887	(918,975)	3,036,862

	2002 £	2001 £
(d) Capital expenditure and financial investment		
Purchase of tangible fixed assets	**-**	(1,070,731)
Proceeds from transfer of tangible fixed assets to immediate parent company	**1,053,373**	673
	1,053,373	(1,070,058)