A²+B

TRAWLPAC SEAFOODS LIMITED
(Company Number: 185563)

DIRECTORS' REPORT AND ABBREVIATED ACCOUNTS

30 JUNE 2002



Anderson Anderson & Brown
Chartered Accountants

TRAWLPAC SEAFOODS LIMITED
DIRECTORS' REPORT

A^2+B

Directors:	S C Chapman A Chapman A R Crockford L Cross
Secretary:	S C Chapman
Registered office:	Craigshaw Place, West Tullos, Aberdeen

The directors submit their report and the abbreviated accounts of the company for the year ended 30 June 2002.

RESULTS AND DIVIDENDS

The profit for the year, amounting to £10,008 (2001 - loss £172,891), has been dealt with as shown in the profit and loss account. The directors do not propose the payment of a dividend (2001 - £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company is involved in the processing and sale of white fish products including value added products such as smoked fish and breaded fish.

The directors consider the results for the year to be satisfactory and are confident of future profitability.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year ended 30 June 2002 were as listed above.

The directors' interests in the share capital of the company were as follows:

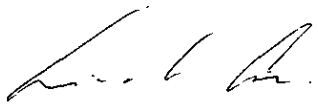
	Ordinary shares of £1 each	
	2002	2001
S C Chapman	30,375	30,375
A Chapman	14,850	14,850
A R Crockford	20,925	20,925
L Cross	210,425	70,425

During the year, following an increase to £500,000 in the authorised share capital, L Cross acquired 140,000 ordinary shares in the company, increasing her holding to 210,425 ordinary shares. In all other respects the interests of the directors were unchanged.

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board



Director

Company law requires the directors to prepare accounts for each financial year which 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. In preparing those accounts, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and,

(d) 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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.

A²+B

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAWLPAC SEAFOODS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 20 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 June 2002.

Respective responsibilities of the directors and auditors
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether or not the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion
We have carried out the procedures we considered necessary to discharge our responsibilities set out above. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full accounts.

Opinion on the abbreviated accounts
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246(5) and (6) of the Companies Act 1985 in respect of the year ended 30 June 2002 and the abbreviated accounts on pages 5 to 20 have been properly prepared in accordance therewith.

Anderson Anderson & Brown

Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

28 April 2003

TRAWLPAC SEAFOODS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
GROSS PROFIT		304,010	73,127
Operating costs	2	193,736	187,447
NET OPERATING PROFIT/(LOSS)	3	110,274	(114,320)
Interest payable	6	96,141	101,460
PROFIT/(LOSS) BEFORE TAXATION		14,133	(215,780)
Taxation	7	4,125	(42,889)
PROFIT/(LOSS) FOR YEAR		£ 10,008	£ (172,891)

Movements on reserves are set out in Note 18.

TRAWLPAC SEAFOODS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2002

	2002 £	2001 £
Profit/(loss) for year	10,008	(172,891)
Unrealised surplus on revaluation of leasehold buildings	-	79,245
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	£ 10,008	£ (93,646)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2002 £	2001 £
Reported profit/(loss) on ordinary activities before taxation	14,133	(215,780)
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	2,255	1,347
Historical cost profit/(loss) on ordinary activities before taxation	£ 16,388	£ (214,433)
Historical cost profit/(loss) for the year retained after taxation	£ 12,263	£ (171,544)

TRAWLPAC SEAFOODS LIMITED
ABBREVIATED BALANCE SHEET – 30 JUNE 2002

A^2+B

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible fixed assets	8	1,464,352	1,460,829
CURRENT ASSETS			
Stocks	9	766,875	586,734
Debtors	10	351,706	319,050
Cash at bank and in hand		400	400
		1,118,981	906,184
CREDITORS: *amounts falling due within one year*	11	1,067,571	1,208,428
NET CURRENT ASSETS/(LIABILITIES)		51,410	(302,244)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,515,762	1,158,585
CREDITORS: *amounts falling due after more than one year*	12	907,415	910,198
PROVISION FOR LIABILITIES AND CHARGES	15	7,028	2,903
		£ 601,319	£ 245,484
DEFERRED INCOME	16	98,580	102,753
CAPITAL AND RESERVES			
Called up share capital	17	288,500	148,500
Share premium account	18	281,420	71,420
Revaluation reserve	18	187,643	190,530
Profit and loss account	18	(254,824)	(267,719)
SHAREHOLDERS' FUNDS		£ 601,319	£ 245,484

The accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 applicable to medium sized companies.

Signed on behalf of the board of directors

Director – L Cross

28th April 2003 *Date*

TRAWLPAC SEAFOODS LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
Cash flow from operating activities	19	(70,571)	(260,727)
Returns on investments and servicing of finance	20	(96,141)	(101,460)
Capital expenditure and financial investment	20	(73,976)	(93,400)
Cash outflow before financing		(240,688)	(455,587)
Financing	20	350,781	470,355
Increase in cash in year		£ 110,093	£ 14,768

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2002 £	2001 £
Increase in cash in year		110,093	14,768
Cash inflow from increase in debt		(30,530)	(450,197)
Cash outflow from decrease in hire purchase		29,749	59,762
Change in net debt resulting from cash flows		109,312	(375,667)
Net debt at 30 June 2001	21	(1,824,012)	(1,448,345)
Net debt at 30 June 2002	21	£ (1,714,700)	£ (1,824,012)

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention, modified to include the revaluation of leasehold buildings, and in accordance with applicable accounting standards.

(b) *Depreciation*

The cost or valuation of fixed assets is written off on a straight line basis over their estimated useful lives as follows:

Leasehold buildings	over the lease term
Plant and machinery	10 - 25 years
Office equipment	5 - 30 years
Motor vehicles	4 - 10 years

(c) *Stocks*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

(d) *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.

(e) *Government grants*

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets.

Revenue based grants are credited to the profit and loss account in the year to which they relate.

(f) *Hire purchase contracts*

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the hire purchase contracts on a straight line basis.

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

1. ACCOUNTING POLICIES (continued)

(g) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

(h) *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. OPERATING COSTS

	2002 £	2001 £
Depreciation - on owned assets	64,954	48,505
- on assets held under finance leases and hire purchase contracts	5,556	18,014
Grant amortisation	(4,173)	(4,559)
Other operating charges	127,399	125,487
	£ 193,736	£ 187,447

3. NET OPERATING PROFIT/(LOSS) *is stated after charging:*

	2002 £	2001 £
Auditors' remuneration - audit services	6,500	5,500
Operating lease rentals - plant and machinery	3,008	3,501
- land and buildings	8,783	8,783
Staff costs - wages and salaries	808,855	842,131
- social security	63,479	65,012
- other pension costs	5,198	-

4. STAFF NUMBERS

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

	2002 No	2001 No
Administration	3	3
Production, distribution and sales	56	63
	59	66

5. DIRECTORS' REMUNERATION

	2002	2001
Directors' remuneration (including benefits in kind)	£ 58,420	£ 63,485

6. INTEREST PAYABLE

	2002 £	2001 £
Bank overdraft interest	38,540	45,016
Hire purchase interest	5,187	8,572
Bank and other loan interest	52,414	47,872
	£ 96,141	£ 101,460

7. TAXATION *charge/(credit) for the year comprises:*

	2002	2001
Deferred taxation	£ 4,125	£ (42,889)

There is no corporation tax charge for the year as a result of losses being carried forward from prior years.

8. TANGIBLE FIXED ASSETS

	Long leasehold buildings £	Plant & machinery £	Office equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 July 2001	752,001	813,190	25,055	49,169	1,639,415
Additions	36,142	39,344	5,990	-	81,476
Disposals	-	-	-	(16,333)	(16,333)
At 30 June 2002	788,143	852,534	31,045	32,836	1,704,558
DEPRECIATION					
At 1 July 2001	9,702	142,014	4,852	22,018	178,586
Charge for the year	11,521	50,837	4,692	3,460	70,510
Relating to disposals	-	-	-	(8,890)	(8,890)
At 30 June 2002	21,223	192,851	9,544	16,588	240,206
Net book amounts at:					
30 June 2002	£ 766,920	£ 659,683	£ 21,501	£ 16,248	£ 1,464,352
1 July 2001	£ 742,299	£ 671,176	£ 20,203	£ 27,151	£ 1,460,829

The net book amounts of plant and machinery and motor vehicles includes £85,259 (2001 - £101,968) and £nil (2001 - £9,188) respectively, in respect of assets held under hire purchase contracts.

The leasehold interest in the buildings was revalued by the directors on 30 June 2001 at £742,299 being, in their opinion, an open market value at that date. The directors have not updated the valuation as they are not aware of any material change in the value. The additions in the year are at cost.

On the historical cost basis, leasehold buildings would have been included as follows:

COST	
At 1 July 2001	£ 575,428
At 30 June 2002	£ 611,570
CUMULATIVE DEPRECIATION BASED ON COST	
At 1 July 2001	£ 23,998
At 30 June 2002	£ 33,264

9. STOCKS

	2002 £	2001 £
Fish	746,048	572,160
Packing materials and consumables	20,827	14,574
	£ 766,875	£ 586,734

10. DEBTORS

	2002 £	2001 £
Trade debtors	310,114	276,887
Other debtors	41,592	42,163
	£ 351,706	£ 319,050

11. CREDITORS: *amounts falling due within one year*

	2002 £	2001 £
Bank overdraft (Note 22)	528,381	638,474
Bank loans (Notes 13 and 22)	70,914	58,684
Other loans (Note 13)	187,500	187,500
Obligations under hire purchase contracts (Note 14)	20,890	29,556
Trade creditors	233,656	266,110
Other taxes and social security	15,891	22,974
Accruals	10,339	5,130
	£ 1,067,571	£ 1,208,428

12. CREDITORS: *amounts falling due after more than one year*

	2002 £	2001 £
Directors' loans	350,561	225,561
Bank loans (Note 13)	556,854	636,054
Other loans (Note 13)	-	27,500
Obligations under hire purchase contracts (Note 14)	-	21,083
	£ 907,415	£ 910,198

13. LOANS: *amounts are repayable as follows:*

	2002 £	2001 £
In one year or less, or on demand	258,414	246,184
Between one year and two years	64,705	86,184
Between two years and five years	161,277	137,726
	484,396	470,094
In five years or more	330,872	439,644
	£ 815,268	£ 909,738

A bank loan of £586,894 is repayable by 132 equal monthly instalments commencing February 2001. Interest is calculated thereon at 2% above bank base rate, with a minimum of 6% applied.

The other loans of £228,374 are fully repayable within five years.

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2002 £	2001 £
Amounts payable:		
Within one year	23,540	33,117
Within two to five years	-	23,540
	23,540	56,657
Less: finance charges allocated to future periods	(2,650)	(6,018)
	£ 20,890	£ 50,639
Hire purchase contracts are analysed as follows:		
Current obligations (Note 11)	20,890	29,556
Non-current obligations (Note 12)	-	21,083
	£ 20,890	£ 50,639

15. PROVISION FOR LIABILITIES AND CHARGES

The movement in deferred tax is as follows:

	2002 £	2001 £
At 30 June 2001	2,903	45,792
Transfer to profit and loss account	4,125	(42,889)
At 30 June 2002	£ 7,028	£ 2,903

Deferred tax provided in the accounts and amounts not provided are as follows:

	Provided		Unprovided	
	2002	2001	2002	2001
Capital allowances in advance of depreciation	£ 7,028	£ 2,903	£ 165,000	£ 125,000

No deferred tax has been provided on the revaluation gain on the leasehold buildings as there is no intention to sell the buildings in the foreseeable future.

16. DEFERRED INCOME

	Deferred government grants	
	2002	2001
	£	£
Balance at 30 June 2001	102,753	107,312
Released to profit and loss account	(4,173)	(4,559)
Balance at 30 June 2002	£ 98,580	£ 102,753

17. SHARE CAPITAL

	2002	2001
Authorised: Ordinary shares of £1 each	£ 500,000	£ 150,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	£ 288,500	£ 148,500

On 27 June 2002 the authorised share capital was increased by £350,000 by the creation of 350,000 ordinary shares of £1 each.

On 27 June 2002, 140,000 ordinary shares of £1 each were issued for £350,000 in total.

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 30 June 2000	112,500	27,500	112,971	(96,514)	156,457
Shares issued	36,000	43,920	-	-	79,920
Revaluation surplus	-	-	79,245	-	79,245
Depreciation on revaluation reserve	-	-	(1,686)	1,686	-
Loss for the year	-	-	-	(172,891)	(172,891)
At 30 June 2001	148,500	71,420	190,530	(267,719)	142,731
Shares issued	140,000	210,000	-	-	350,000
Depreciation on revaluation reserve	-	-	(2,887)	2,887	-
Profit for the year	-	-	-	10,008	10,008
At 30 June 2002	£ 288,500	£ 281,420	£ 187,643	£ (254,824)	£ 502,739

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

	2002 £	2001 £
Operating profit/(loss)	110,274	(114,320)
Depreciation	70,510	66,519
Release of government grants	(4,173)	(4,559)
Gain on sale of fixed assets	(57)	(4,269)
Increase in stocks	(180,141)	(257,850)
(Increase)/decrease in debtors	(32,656)	333
(Decrease)/increase in creditors	(34,328)	53,419
Net cash outflow from operating activities	£ (70,571)	£ (260,727)

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest paid	(96,141)	(101,460)
Net cash outflow from returns on investments and servicing of finance	£ (96,141)	£ (101,460)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(81,476)	(154,690)
Payments to acquire fixed asset investments	-	-
Receipts from sales of tangible fixed assets	7,500	61,290
Net cash outflow from capital expenditure and financial investment	£ (73,976)	£ (93,400)
Financing		
Issue of share capital	350,000	79,920
New long term loans	-	650,000
New short term loans	-	215,000
New director's loans	125,000	100,080
Loan repayments	(94,470)	(514,883)
Hire purchase capital repayments	(29,749)	(59,762)
Net cash inflow from financing	£ 350,781	£ 470,355

21. ANALYSIS OF NET DEBT

	At 30 June 2001 £	Cash flow £	At 30 June 2002 £
Cash at bank and in hand	400	-	400
Bank overdraft	(638,474)	110,093	(528,381)
	(638,074)	110,093	(527,981)
Bank loans	(694,738)	66,970	(627,768)
Other loans	(215,000)	27,500	(187,500)
Director's loans	(225,561)	(125,000)	(350,561)
Finance leases	(50,639)	29,749	(20,890)
Total	£ (1,824,012)	£ 109,312	£ (1,714,700)

22. SECURITIES

The Bank of Scotland plc holds a bond and floating charge over the company's assets together with a standard security over the factory and the lease of the land.

A letter of guarantee has been provided in favour of the bank for £50,000 by Linda Cross, director.

The bank also hold security by means of letters of postponement from Marjorie Crockford and Alan Chapman over their loans to the company as shown in Note 25.

23. FUTURE COMMITMENTS

The annual commitments under non-cancellable operating leases were as follows:

	Land and buildings		**Other**	
	2002 £	2001 £	2002 £	2001 £
Leases expiring:				
Within one year	-	-	-	2,961
Within one to five years	-	-	540	540
Over five years	8,783	8,783	-	-
	£ 8,783	£ 8,783	£ 540	£ 3,501

24. CONTINGENT LIABILITIES

Contingent liabilities exist in respect of various grants received from the Financial Instrument for Fisheries Guidance. The grants received and the expiry dates of the grant obligations are as follows:

Grant	*£*	*Expiry date of grant obligations*
Financial Instrument for Fisheries Guidance	121,895	29 August 2008

If the terms of these grants are not complied with, the grants may require to be repaid.

The company's bankers provide a trading guarantee to Aberdeen Fish Salesmen Association for £50,000.

25. RELATED PARTIES

Control

Throughout the year the company was controlled by the directors. Their interests in the company's share capital are stated in the directors' report.

Transactions

During the year the company entered into the following transactions with related parties:

Related party	**Details**	**£**	**Balance due at 30 June 2002 £**
Energy Management Associates Limited, a company of which Linda Cross is a director	Loan repayments by Trawlpac Seafoods Limited	27,500	27,500
	Loan interest	2,200	-
	Hire purchase capital repaid	20,193	19,807
	Hire purchase interest	2,314	-
Linda Cross, director	Loan to Trawlpac Seafoods Limited	125,000	255,080

25. RELATED PARTIES (continued)

Related party	Details	£	Balance due at 30 June 2002 £
Alan Chapman, director	Loan to Trawlpac Seafoods Limited	-	10,364
M L Crockford, mother of director	Loan to Trawlpac Seafoods Limited	-	85,117