

Company Registration No. 199913 (Scotland)

Keila Fishing Company Limited
Directors' Report and Financial Statements
For The Year Ended 31 August 2002



KEILA FISHING COMPANY LIMITED

COMPANY INFORMATION

Directors	J M Drever T G Tulloch
Secretary	J M Drever
Company number	199913
Registered office	South Tuan Westray Orkney KW17 2DD
Auditors	Johnston Carmichael Bishop's Court 29 Albyn Place Aberdeen AB10 1YL

KEILA FISHING COMPANY LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

KEILA FISHING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2002

The directors present their report and financial statements for the year ended 31 August 2002.

Principal activities

The principal activity of the company continued to be that of the operation of a fishing vessel.

Review of business

The future of the fishing industry is uncertain. Few vessels, licences and quota are being sold resulting in limited available evidence to support the values included in the accounts. The only way to obtain current market values would be to expose the assets for sale and the directors have no intention of doing so. As a result the directors have been unable to assess the recoverable amounts of fixed assets. The financial statements do not include any adjustments that might result if recoverable amounts could be assessed.

Directors

The following directors have held office since 1 September 2001:

J M Drever
T G Tulloch

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2002	1 September 2001
J M Drever	337,500	337,500
T G Tulloch	262,500	262,500

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 to 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board


.....
J M Drever
Director
20/6/03

KEILA FISHING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KEILA FISHING COMPANY LIMITED

We have audited the financial statements of Keila Fishing Company Limited on pages 4 to 10 for the year ended 31 August 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 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 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.

However the evidence available to us was limited because we were unable to obtain sufficient evidence relating to the recoverable amounts of fixed assets. As a result we were unable to form an opinion as to the appropriateness of the recoverable amounts of fixed assets - as disclosed in note 1.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

KEILA FISHING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF KEILA FISHING COMPANY LIMITED

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found necessary had we been able to obtain sufficient evidence concerning the recoverable amounts of fixed assets, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the carrying values of fixed assets:

- We have not obtained all the information and explanations that we considered necessary for the purposes of our audit.
- We were unable to determine whether proper accounting records had been maintained.

Johnston Carmichael

Johnston Carmichael

Chartered Accountants
Registered Auditor

23 June 2003
.....

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

KEILA FISHING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2002

	Notes	2002 £	2001 £
Turnover		832,244	814,258
Cost of sales		(734,643)	(771,898)
Gross profit		97,601	42,360
Administrative expenses		(25,030)	(21,993)
Other operating income		27,896	31,669
Operating profit	2	100,467	52,036
Interest payable and similar charges		(53,078)	(75,038)
Profit/(loss) on ordinary activities before taxation		47,389	(23,002)
Tax on profit/(loss) on ordinary activities	3	35,950	7,980
Profit/(loss) on ordinary activities after taxation	12	83,339	(15,022)

KEILA FISHING COMPANY LIMITED

BALANCE SHEET AS AT 31 AUGUST 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	4		1,651,200		1,651,200
Tangible assets	5		787,739		839,021
Investments	6		100		100
			<u>2,439,039</u>		<u>2,490,321</u>
Current assets					
Debtors	7	54,033		38,941	
		<u>54,033</u>		<u>38,941</u>	
Creditors: amounts falling due within one year	8	(700,063)		(740,310)	
Net current liabilities			<u>(646,030)</u>		<u>(701,369)</u>
Total assets less current liabilities			1,793,009		1,788,952
Creditors: amounts falling due after more than one year	9		(123,020)		(149,623)
Provisions for liabilities and charges	10		<u>(139,895)</u>		<u>(192,574)</u>
			<u>1,530,094</u>		<u>1,446,755</u>
Capital and reserves					
Called up share capital	11		600,000		600,000
Share premium account	12		830,630		830,630
Profit and loss account	12		99,464		16,125
Shareholders' funds			<u>1,530,094</u>		<u>1,446,755</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 20/6/03

J. Drever

J M Drever
Director

KEILA FISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

1.3 Fixed assets

Included in notes 4 and 5 (intangible and tangible fixed assets) are the vessel, licence and quota which have a combined carrying value of £2,421,200. Due to the difficulties being experienced in the fishing industry there is a limited market for these assets at the present time and the directors have been unable to assess their recoverable amounts. The financial statements do not include any adjustments that might result if recoverable amounts could be assessed.

1.4 Fishing licence

The company's fishing licences and quota are included at cost and are not amortised, as the directors believe they have indefinite useful lives.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land	Nil
Fishing vessel	15 years straight line
Net Store	20 years straight line
Motor vehicles	3 years straight line

1.6 Investments

Fixed asset investments are stated at cost.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

1.8 Hire purchase agreements

Tangible fixed assets acquired under hire purchase contracts are capitalised at the estimated fair value at the date of inception of each contract. The total finance charges are allocated over the period of the contract in such a way as to give a reasonably constant charge on the outstanding liability.

KEILA FISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

2	Operating profit	2002	2001
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	51,282	51,282
	Auditors' remuneration	2,000	2,000
	Directors' emoluments	54,809	55,607
		<u>54,809</u>	<u>55,607</u>
3	Taxation	2002	2001
		£	£
	Domestic current year tax		
	U.K. corporation tax	16,680	656
	Adjustment for prior years	49	-
	Current tax charge	<u>16,729</u>	<u>656</u>
	Deferred tax		
	Deferred tax credit current year	(53,613)	(8,636)
	Deferred tax adjust re previous year	934	-
		<u>(52,679)</u>	<u>(8,636)</u>
		<u>(35,950)</u>	<u>(7,980)</u>
4	Intangible fixed assets		
		Fishing licence £	Fishing quota £
	Cost		Total £
	At 1 September 2001 & at 31 August 2002	<u>300,000</u>	<u>1,351,200</u>
	Net book value		
	At 31 August 2002	<u>300,000</u>	<u>1,351,200</u>
	At 31 August 2001	<u>300,000</u>	<u>1,351,200</u>

KEILA FISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

5 Tangible fixed assets

	Land	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 September 2001 & at 31 August 2002	1,750	937,063	938,813
Depreciation			
At 1 September 2001	-	99,792	99,792
Charge for the year	-	51,282	51,282
At 31 August 2002	-	151,074	151,074
Net book value			
At 31 August 2002	1,750	785,989	787,739
At 31 August 2001	1,750	837,271	839,021

The net book value of other tangible fixed assets includes £2,770 (2001 - £9,941) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £7,171 (2001 - £7,171) for the year.

6 Fixed asset investments

	Unlisted investments £
Cost	
At 1 September 2001 & at 31 August 2002	100

7 Debtors

	2002 £	2001 £
Trade debtors	36,048	27,876
Other debtors	17,985	11,065
	54,033	38,941

KEILA FISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

8 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	579,114	645,960
Net obligations under hire purchase contracts	2,500	3,611
Trade creditors	27,746	44,154
Taxation and social security	16,680	656
Other creditors	74,023	45,929
	<u>700,063</u>	<u>740,310</u>

The bank loans and overdrafts are secured. Other creditors includes £52,598 (2001 - £28,495) in respect of an Orkney Islands Council loan which is secured.

9 Creditors: amounts falling due after more than one year	2002 £	2001 £
Net obligations under hire purchase contracts	2,500	5,000
Other creditors	120,520	144,623
	<u>123,020</u>	<u>149,623</u>
Analysis of loans		
Not wholly repayable within five years by instalments	173,118	173,118
Included in current liabilities	(52,598)	(28,495)
	<u>120,520</u>	<u>144,623</u>
Instalments not due within five years	<u>24,104</u>	<u>48,207</u>

Other creditors which relate to an Orkney Islands Council loan are secured.

KEILA FISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2002

10 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 September 2001	192,574
Profit and loss account	(52,679)
	<u>139,895</u>
Balance at 31 August 2002	<u>139,895</u>

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>139,895</u>	<u>192,574</u>

11 Share capital

	2002 £	2001 £
Authorised		
1,000,000 Ordinary shares of £ 1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
600,000 Ordinary shares of £ 1 each	<u>600,000</u>	<u>600,000</u>

12 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 September 2001	830,630	16,125
Retained profit for the year	-	83,339
	<u>830,630</u>	<u>99,464</u>
Balance at 31 August 2002	<u>830,630</u>	<u>99,464</u>

13 Transactions with directors

Mr Drever and Mr Tulloch have assigned life policies to the company's bankers as additional security for bank borrowing.