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NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED  
(FORMERLY NEW ENGLAND LOBSTERS INTERNATIONAL LIMITED)  
REPORT AND FINANCIAL STATEMENTS  
30 JUNE 1999



NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 30 JUNE 1999

CONTENTS

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Page

1	Company Information
2 - 3	Directors' Report
4	Report of the Auditors
5	Profit and Loss Account
6	Balance Sheet
7	Cash Flow Statement
8 - 9	Accounting Policies
10 - 16	Notes to the Financial Statements

COMPANY INFORMATION

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DIRECTORS

M R C Stroyan (Managing)  
J L Ropner  
A J M Crawford ACA  
N R McVittie  
F Somers Eve  
J L Chaplin

SECRETARY

A J M Crawford ACA

REGISTERED OFFICE

Sovereign House  
6 Windsor Court  
Clarence Drive  
Harrogate  
North Yorkshire  
HG1 2PE

REGISTERED NUMBER

2565953

REGISTERED AUDITORS

Saffery Champness  
Sovereign House  
6 Windsor Court  
Clarence Drive  
Harrogate  
North Yorkshire  
HG1 2PE

SOLICITORS

Eversheds  
Sun Alliance House  
35 Mosley House  
Newcastle upon Tyne  
NE1 1XX

PRINCIPAL BANKERS

National Westminster Bank plc  
1 Princes Street  
London  
EC2R 8P8

DIRECTORS' REPORT

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The directors submit their report and the audited financial statements of New England Seafood International Limited for the year ended 30 June 1999.

## 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

## RESULTS AND DIVIDENDS

The profit for the year, after taxation, was £201,402.

The directors have not paid an interim dividend this year (1998 £100,000). However, they do recommend the payment of a final dividend of £100,000. This leaves a profit of £101,402 to be retained.

## PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are the importing of live lobsters and other exotic fish from around the world, supplying the wholesale hotel, restaurant and supermarket trade throughout the U.K.

The directors are satisfied with the improvements in the results for the year and they expect the forthcoming year to show further improvements.

## NAME SWAP

On 20 November 1998 the company and its subsidiary passed special resolutions to complete a simultaneous name swap. New Certificates of Incorporation were issued by Companies House on 16 December 1998.

## DIRECTORS' REPORT (Continued)

## DIRECTORS AND THEIR INTERESTS

	Ordinary Shares of £1 each	
	30 June 1999	30 June 1998
M R C Stroyan	32,000	32,000
J L Ropner	7,500	7,500
A J M Crawford ACA	10,500	10,500
E I M Hilleary (resigned 1.7.98)	-	-
N R McVittie	-	-
F Somers Eve	-	-
J L Chaplin (appointed 21.1.99)	-	-

In accordance with the articles of association J L Chaplin, who was appointed since the last annual general meeting, resigns and offers himself for re-election.

## YEAR 2000

The directors have considered the potential implications concerning the company in respect of the year 2000 date change, and are of the opinion that this will have no significant impact on the ability of the company to continue to operate.

## AUDITORS

A resolution to confirm the reappointment of Saffery Champness as auditors will be put to the members at the annual general meeting.

By Order of the Board



A J M Crawford ACA  
Secretary

21 OCTOBER 1999

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

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We have audited the financial statements on pages 5 to 16.

Respective responsibilities of directors and auditors

As described in the directors' report on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the company as at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants

Registered Auditors  
Sovereign House  
6 Windsor Court  
Clarence Drive  
Harrogate  
North Yorkshire  
HG1 2PE

 1999

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999	1998
TURNOVER		8,784,260	6,496,964
Cost of sales		7,356,296	5,338,110
GROSS PROFIT		1,427,964	1,158,854
Distribution costs		960,996	660,722
Administration expenses		221,331	239,121
		245,637	259,011
Other operating income		10,211	1,639
OPERATING PROFIT		255,848	260,650
Interest receivable	2	6,957	12,853
Interest payable	3	-	460
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	262,805	273,043
Taxation	6	61,403	61,783
PROFIT FOR THE FINANCIAL YEAR		201,402	211,260
Dividends	7	100,000	100,000
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	£101,402	£111,260

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The result for the year is derived wholly from continuing operations within the meaning of Financial Reporting Standard No 3.

The notes on pages 10 to 16 form part of these financial statements.

BALANCE SHEET  
AT 30 JUNE 1999

	Notes	1999	1998
<b>FIXED ASSETS</b>			
Tangible assets	8	281,396	273,820
Investments	9	1	1
		<u>281,397</u>	<u>273,821</u>
<b>CURRENT ASSETS</b>			
Stock	10	63,591	58,380
Debtors	11	1,034,178	948,643
Cash at bank and in hand		339,760	233,470
		<u>1,437,529</u>	<u>1,240,493</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	1,065,044	941,631
		<u>372,485</u>	<u>298,862</u>
<b>NET CURRENT ASSETS</b>			
		<u>653,882</u>	<u>572,683</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>653,882</u>	<u>572,683</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(13,520)	(22,880)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	14	(12,695)	(23,538)
		<u>£627,667</u>	<u>£526,265</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	50,000	50,000
Profit and loss account	16	577,667	476,265
		<u>£627,667</u>	<u>£526,265</u>
<b>SHAREHOLDERS' FUNDS</b>			
	17	<u>£627,667</u>	<u>£526,265</u>

The notes on pages 10 to 16 form part of these financial statements.

The financial statements were approved by the board on 21 OCTOBER 1999.

.....  
Director

.....  
Director



CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 1999

	Note	1999	1998
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	258,101	330,654
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	6,957		12,853
Hire purchase interest	-		(460)
		6,957	12,393
TAXATION			
Corporation tax		34,779	66,232
CAPITAL EXPENDITURE			
Payments to acquire fixed assets	(118,879)		(201,675)
Receipts from sales of fixed assets	4,250		27,200
		114,629	174,475
NET CASH INFLOW BEFORE FINANCING		115,650	102,340
EQUITY DIVIDENDS PAID		-	(100,000)
CASH INFLOW BEFORE FINANCING		115,650	2,340
FINANCING			
Net movement on long term loan	9,360		9,720
Hire purchase capital repaid	-		6,253
		9,360	15,973
(DECREASE)/INCREASE IN CASH	19	£106,290	£(13,633)

The notes on pages 10 to 16 form part of these financial statements.

ACCOUNTING POLICIES

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## BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare consolidated financial statements by virtue of S248 of the Companies Act 1985.

## TURNOVER

Turnover represents the invoiced amount of goods sold and services provided stated net of Value Added Tax.

## TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	- 20% Straight line
Fixtures and fittings	- 25% Straight line
Motor Vehicles	- 33 1/3% Straight line

## DEFERRED GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual amounts.

Grants of a revenue nature are credited to income in the period to which they relate.

## FIXED ASSET INVESTMENTS

Unlisted investments are stated at cost. Provision is made against any permanent diminution in the value of fixed asset investments.

## STOCKS

Stocks are valued at the lower of cost and net realisable value. Provisions are made when necessary to reduce the costs of stocks to net realisable value.

ACCOUNTING POLICIES (Continued)

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## DEFERRED TAXATION

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a material tax liability will crystallise in the foreseeable future.

## PENSIONS

The company operates a defined contribution pension scheme for its directors. The assets of the pension scheme are held separately from the company's assets in independently managed funds. The pension cost charge represents contributions payable by the company to the funds.

## FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

## LEASED ASSETS AND OBLIGATIONS

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated over the shorter of the lease term and their useful economic lives. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged to the profit and loss account.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1999

	1999	1998
1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after crediting:		
Differences on foreign currency translation	£66,026	£42,515
And after charging:		
Depreciation	£107,168	£57,354
Auditors' remuneration	£4,200	£4,000
Operating lease rentals:		
Land & Buildings	£39,000	£37,115
Plant & Machinery	£39,265	£31,688
	<u>          </u>	<u>          </u>
2 INTEREST RECEIVABLE		
Bank and other interest receivable	£6,957	£12,853
	<u>          </u>	<u>          </u>
3 INTEREST PAYABLE		
On hire purchase contracts	-	460
	<u>          </u>	<u>          </u>
	£-	£460
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 30 JUNE 1999

## 4 EMPLOYEES

1999

1998

The average monthly number of persons  
(including directors) employed by the  
company during the year was:

	Number	Number
Sales and distribution	21	18
Administration	3	2
	<u>24</u>	<u>20</u>

Staff costs (for the above persons)

Wages and salaries	617,378	430,532
Social security costs	65,807	43,419
Other pension costs	6,624	56,624
	<u>£689,809</u>	<u>£530,575</u>

The directors' remuneration amounted to:

Emoluments (Including benefits in kind)	256,347	174,295
Contribution to pension scheme	6,624	55,962
	<u>£262,971</u>	<u>£230,257</u>

## 5 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £6,624 (1998 £56,624). All contributions were paid in the year.

## 6 TAXATION

Corporation tax at 21% (1998 21%)  
on the result for the year:

Current	61,000	36,033
Adjustment in respect of prior years	11,246	2,212
Deferred taxation (note 14)		
Current	(10,843)	20,205
Adjustment in respect of prior years	-	3,333
	<u>£61,403</u>	<u>£61,783</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 30 JUNE 1999

## 7 DIVIDENDS

	1999	1998
Ordinary:		
Interim paid of Nil per share (1998 200p per share)	£-	£100,000
Final proposed of 200p per share (1998 Nil)	£100,000	£-

## 8 FIXED ASSETS

	<u>Plant and Machinery</u>	<u>Fixtures &amp; Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost				
1 July 1998	304,017	11,735	116,815	432,567
Additions	79,429	20,455	18,995	118,879
Disposals	(7,700)	-	(11,800)	(19,500)
30 June 1999	<u>375,746</u>	<u>32,190</u>	<u>124,010</u>	<u>531,946</u>
Depreciation				
1 July 1998	107,569	7,815	43,363	158,747
Charge for the year	63,175	5,542	38,451	107,168
Disposals	(3,565)	-	(11,800)	(15,365)
30 June 1999	<u>167,179</u>	<u>13,357</u>	<u>70,014</u>	<u>250,550</u>
Net book value				
30 June 1999	<u>£208,567</u>	<u>£18,833</u>	<u>£53,996</u>	<u>£281,396</u>
Net book value				
30 June 1998	<u>£196,448</u>	<u>£3,920</u>	<u>£73,452</u>	<u>£273,820</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 30 JUNE 1999

## 9 FIXED ASSET INVESTMENTS

Unlisted investments at cost:

	1999	1998
At 1 July 1998	1	1
Additions	-	-
	<u>-</u>	<u>-</u>
At 30 June 1999	<u>£ 1</u>	<u>£ 1</u>

At 30 June 1999 the company held more than 10% of the issued share capital of the following company:

Name and nature of the Business	Class of shares held	Percentage of issued share capital
New England Lobsters International Limited (Dormant Subsidiary)	Ordinary	100%

The aggregate amount of share capital and reserves at 30 June 1999 was as follows:

	Share capital and reserves	Result for the year
New England Lobsters International Ltd	<u>£ 1</u>	<u>£ -</u>

On 20 November 1998 a special resolution was passed to complete a simultaneous name swap between the company and its dormant subsidiary. New Certificates of Incorporation were issued by Companies House on 16 December 1998.

10 STOCKS	1999	1998
Finished goods and goods for resale	63,591	58,380
	<u>63,591</u>	<u>58,380</u>
	<u>£63,591</u>	<u>£58,380</u>

## 11 DEBTORS

Trade debtors	962,499	889,219
Other debtors	15,919	20,205
Director's loan account (see below)	-	1,900
ACT recoverable	-	25,000
Prepayments and accrued income	55,760	12,319
	<u>£1,034,178</u>	<u>£948,643</u>

During the year the loan granted to N R McVittie, a director of the company, was repaid in full.

NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 30 JUNE 1999

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1999	1998
Current instalments on loans (note 13)	12,360	9,360
Trade creditors	707,132	759,124
Corporation tax	61,000	36,033
Advanced Corporation tax	-	12,500
Other taxation and social security costs	18,147	15,723
Dividends proposed	100,000	-
Provisions for leased asset repairs	9,298	9,298
Accruals and deferred income	157,107	99,593
	<u>£1,065,044</u>	<u>£941,631</u>
13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Local Borough Council Loans	25,880	32,240
	<u>25,880</u>	<u>32,240</u>
Less: Due within one year (note 12)	(12,360)	(9,360)
	<u>£13,520</u>	<u>£22,880</u>

One of the loans amounting to £22,880 is secured by a second fixed and floating charge over the assets of the company.

14 PROVISION FOR LIABILITIES AND CHARGES	1999	1998
Deferred Taxation:		
At 1 July 1998	23,538	-
Profit and loss account movement	(10,843)	23,538
At 30 June 1999	<u>£12,695</u>	<u>£23,538</u>

Deferred taxation provided in the financial statements and the total potential liability, including the amounts for which provision has been made, are as follows:-

	Amount provided		Total potential liability	
	1999	1998	1999	1998
Tax effect of timing differences due to:				
Excess of tax allowances over depreciation	12,695	23,538	12,695	23,538
	<u>£12,695</u>	<u>£23,538</u>	<u>£12,695</u>	<u>£23,538</u>

The potential liability and provision are based on a corporation tax rate of 30%



NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 30 JUNE 1999

15 SHARE CAPITAL	1999	1998
Authorised:		
50,000 Ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
Allotted, issued and fully paid:		
Equity		
50,000 Ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
16 PROFIT AND LOSS ACCOUNT		
1 July 1998	476,265	365,005
Retained profit for the year	<u>101,402</u>	<u>111,260</u>
30 June 1999	<u>£577,667</u>	<u>£476,265</u>
17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	201,402	211,260
Dividends	<u>100,000</u>	<u>100,000</u>
Net increase in shareholders' funds	101,402	111,260
Opening shareholders' funds	<u>526,265</u>	<u>415,005</u>
Closing shareholders' funds	<u>£627,667</u>	<u>£526,265</u>
18 NET CASHFLOW INFLOW FROM OPERATING ACTIVITIES		
Operating profit	255,848	260,650
Depreciation	107,168	57,354
Profit on sale of tangible fixed assets	(115)	(11,067)
Increase in stocks	(5,211)	(21,320)
Increase in debtors	(110,535)	(322,597)
Increase in creditors	<u>10,946</u>	<u>367,634</u>
Net cash inflow from operating activities	<u>£258,101</u>	<u>£330,654</u>

NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 30 JUNE 1999

## 19 RECONCILIATION OF MOVEMENT IN NET DEBT

Increase in cash in the period	106,290	
Cash inflow/(outflow) from financing	<u>6,360</u>	
Movement in net debt in the period		<u>112,650</u>
Net debt at 1 July 1998		<u>201,230</u>
Net debt at 30 June 1999		<u><u>£313,880</u></u>

## 20 ANALYSIS OF MOVEMENT IN NET DEBT

	Opening	Cashflow	Closing
Cash at bank and in hand	233,470	106,290	339,760
Loan	<u>(32,240)</u>	<u>6,360</u>	<u>(25,880)</u>
Total	<u><u>£201,230</u></u>	<u><u>£112,650</u></u>	<u><u>£313,880</u></u>

## 21 FINANCIAL COMMITMENTS

There was a liability under foreign exchange contracts of £418,061 (1998 £265,316) at the year end relating to the purchase of foreign currency at a forward contracted rate.

## 22 COMMITMENTS UNDER OPERATING LEASES

	Land & Buildings		Other assets	
	1999	1998	1999	1998
At 30 June 1999 the company had annual commitments under operating leases as follows:				
Expiring within one year	-	-	-	-
Expiring between two and five years	-	-	39,265	31,688
Expiring in over five years	<u>39,000</u>	<u>37,115</u>	<u>-</u>	<u>-</u>
	<u><u>£39,000</u></u>	<u><u>£37,115</u></u>	<u><u>£39,265</u></u>	<u><u>£31,688</u></u>