

## **Seamark plc**

Directors Report and Financial Statements

For the Year Ended

31 December 2016

Company Number: 02575875

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# Seamark plc

## Report and Financial Statements for the year ended 31 December 2016

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### Company Information

<b>Directors</b>	Mr. I. Ahmed Mr. K. Ahmed Mr. B. Ahmed
<b>Company Secretary</b>	Mr. B. Ahmed
<b>Registered Number</b>	02575875
<b>Registered Office</b>	Hulme Hall Lane Lord North Street Miles Platting Manchester M40 8AD
<b>Independent Auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT
<b>Bankers</b>	HSBC Bank Plc 4 Hardman Square Manchester M3 3EB

# Seamark plc

## Report and financial statements for the year ended 31 December 2016

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# Seamark plc

## Strategic Report for the year ended 31 December 2016

The directors present their strategic report and audited financial statements for the year ended 31 December 2016.

In accordance with the Companies Act 2006, the company has prepared the financial statements in accordance with United Kingdom Accounting Standards, specifically FRS 102.

### Principal activities

The principal activity of the company continues to be that of the storage, processing, wholesaling import and export of frozen seafood. The company also operates in the restaurant retail sector.

### Business review

A key event during the year was the vote in the UK to leave the EU. The EU is major market for the company and the associated uncertainties arising are covered later in this strategic report. The directors however are confident that the company will continue to be able to serve its customers and maintain and develop its trade during and after this change.

Market performance has been strong with export sales increasing by 38.5% over 2015 performance.

We have expanded our product offering and have been successful in developing new customers in UK and Export territories.

The company intends to develop its global presence into new markets and has further diversified in the UK by investing in Vermillion Hall a wedding and banqueting suite.

Margin has improved as a result of sourcing of product through established relationships with external and related party suppliers.

Expenses have been impacted by the devaluation of the pound which includes an exchange loss of £1.2M.

The trading outlook is strong and we expect to return to profit in 2017.

The loss for the period, after taxation, amounted to £ 1,129,135 (2015 - £539,603).

The bank overdraft position has decreased to £ 3,122,281 (2015 - £4,739,461) due to a reduction in working capital. The invoice discounting facilities have increased to £4,322,571 (2015 - £3,356,225).

The accounts are prepared on a going concern basis. The facility is due to expire on the 31<sup>st</sup> October 2017.

The Directors are in advanced negotiations with lenders for the renewal of the facility and are confident of being able to finalise the negotiations over the next few months. There is no indication that the facility will not continue.

In the event of facilities not being renewed the Directors will provide the necessary funding and support through investments held in other related undertakings to ensure the business continues as a going concern.

There have been no events since the balance sheet date which materially affect the position of the company.

### Key performance indicators

	2016	2015
Turnover from continuing operations (£m)	55.4	46.1
As the prime measure of economic output, revenue is key to measuring shareholder return and future growth		
Gross profit from continuing operations (%)	10.2	9.0
Gross profit from continuing operations (£m)	5.7	4.1

Gross profit measures the added value from importing and processing of products.

# Seamark plc

## Strategic report for the year ended 31 December 2016 (*continued*)

### Results and dividends

The results are set out on page 8.

No dividends were paid during the year (2015 - £Nil).

### Principal risks and uncertainties

The company is exposed to a variety of risks including price risk; credit risk; liquidity risk and exchange risk which reflect the conditions in the markets from which it procures and to which it supplies. The decision to leave the EU taken in the referendum in June 2016 ("Brexit") has added uncertainty to the company's operations whilst it is unclear how access to the single market and membership of the customs union will be affected.

#### *Price risk*

The company is exposed to changes in the market price of its raw materials reflecting availability of produce and local inflationary and foreign exchange pressures. Availability is affected by both local supply conditions and global issues and the company manages the associated risks through exploiting local knowledge and developing its relationship with its related business in Bangladesh; developing and maintaining strong relationships with its suppliers involving regular visits and continually seeking to develop supply chains in new trading areas.

#### *Credit risk*

Credit risk is managed through a combination of the application of credit insurance supported by strong credit management; application of individual credit limits and close and regular contact with customers.

#### *Liquidity risk*

The company is funded by a combination: commercial loans; a flexible bank facility with an overall limit and extended credit from related party suppliers. Current and forward positions and commitments are monitored and the bank facility is reviewed annually. The facility was renewed in the prior year and further renewal is expected at the appropriate review date.

#### *Foreign exchange risk*

The company trades in sterling, US dollars and Euros using currency accounts which obviates the need for transactional currency dealing at spot rates and limits the exposure to fluctuation. The currency position is monitored daily and a balanced portfolio of currencies maintained with exchange transactions being transacted when rates are favourable. The company works with its bankers to manage risk and exposure in the most appropriate way.


### Future developments

The company will continue to develop in the Seafood sector and build on the strong relationships it has with customers and suppliers.

The directors are developing alternative strategies to enable the company to continue to serve and supply its customers in whatever arrangements result from the Brexit negotiations.

### Approval

This Strategic Report was approved by order of the Board on 07/09/2017



I Ahmed  
Director

# Seamark plc

## Directors' Report for the year ended 31 December 2016

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The directors present their report and audited financial statements for the year ended 31 December 2016.

### Directors

The following directors have held office since 1 January 2016:

B Ahmed  
K Ahmed  
I Ahmed

### Dividends

No dividends were paid in the year (2015 - £Nil).

### Post balance sheet events

There are no material post balance sheet events which require disclosure in the financial statements.

### Existence of branches of the company outside of the United Kingdom

The company has no branches outside of the United Kingdom.

### Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

### Employee involvement

The company actively involves employees through various communications on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company.

### Auditors

All of the directors as at the date of this report have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Approval

Information regarding the principal risks of the entity, the business review for the year and principal risks to the business are discussed in the strategic report under s414C(11) of the Companies Act 2006.

This Directors report was approved by order of the board on 07/09/2017

  
I Ahmed  
Director

# Seamark plc

## Statement of Directors' Responsibilities for the year ended 31 December 2016

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### Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

# Seamark plc

## Independent auditor's report to the members of Seamark plc

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAMARK PLC

We have audited the financial statements of Seamark plc for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# Seamark plc

## Independent auditor's report to the members of Seamark plc (*continued*)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*BDO WP*

*Stuart Wood (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Manchester  
United Kingdom*

Date *8.9.2017*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Seamark plc

## Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>	3	<b>55,412,273</b>	46,111,983
Cost of sales		<u>(49,744,800)</u>	<u>(41,983,903)</u>
<b>Gross profit</b>		<b>5,667,473</b>	4,128,080
Distribution costs		(875,695)	(787,017)
Administrative expenses		<u>(5,979,687)</u>	<u>(4,615,147)</u>
Other operating income	4	<u>500,411</u>	<u>798,918</u>
<b>Operating loss</b>	4	<b>(687,498)</b>	(475,166)
Interest payable and similar charges	7	<u>(280,888)</u>	<u>(411,137)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(968,386)</b>	(886,303)
Taxation on loss from ordinary activities	8	<u>(160,749)</u>	<u>346,700</u>
<b>Loss for the financial year</b>		<b>(1,129,135)</b>	(539,603)
		<u><u>(1,129,135)</u></u>	<u><u>(539,603)</u></u>
<b>Total comprehensive loss for the period</b>		<b>(1,129,135)</b>	(539,603)

All amounts relate to continuing activities.

The notes on pages 12 to 27 form part of these financial statements

# Seamark plc

## Statement of Financial Position As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	9		9,861,536		8,331,598
<b>Current assets</b>					
Stocks	10	12,865,583		11,503,587	
Debtors	11	10,708,237		11,535,720	
Cash at bank and in hand	14	17,874		23,304	
		<u>23,591,694</u>		<u>23,062,611</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(17,745,417)</u>		<u>(14,419,635)</u>	
<b>Net current assets</b>			<u>5,846,277</u>		<u>8,642,976</u>
<b>Total assets less current liabilities</b>			<u>15,707,813</u>		<u>16,974,574</u>
<b>Creditors: amounts falling due after more than one year</b>					
Provisions for liabilities	15	(454,742)		(539,568)	
Accruals and deferred income	16	<u>(485,148)</u>		<u>(537,948)</u>	
			<u>(939,890)</u>		<u>(1,077,516)</u>
			<u>14,767,923</u>		<u>15,897,058</u>
<b>Capital and reserves</b>					
Called up share capital	17		60,000		60,000
Profit and loss account	19		<u>14,707,923</u>		<u>15,837,058</u>
<b>Shareholders' funds</b>			<u>14,767,923</u>		<u>15,897,058</u>

The financial statements were approved by the Board of Directors and authorised for issue on

07/09/2017

  
I Ahmed  
Director

The notes on pages 12 to 27 form part of these financial statements.

# Seamark plc

## Statement of Changes in Equity As at 31 December 2016

	Share capital £	Retained earnings £	Total equity £
At 1 January 2016	60,000	15,837,058	15,897,058
<b>Comprehensive loss for the period</b>			
Loss for the year	-	(1,129,135)	(1,129,135)
<b>Total comprehensive loss for the period</b>	-	(1,129,135)	(1,129,135)
At 31 December 2016	60,000	14,707,923	14,767,923

## Statement of Changes in Equity As at 31 December 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	60,000	16,376,661	16,436,661
<b>Comprehensive loss for the period</b>			
Loss for the year	-	(539,603)	(539,603)
<b>Total comprehensive loss for the period</b>	-	(539,603)	(539,603)
At 31 December 2015	60,000	15,837,058	15,897,058

The notes on pages 12 to 27 form part of these financial statements.

# Seamark plc

## Statement of Cash Flows for the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Loss before tax		(968,386)	(886,303)
Depreciation	9	547,295	557,218
Financial expenses	7	280,888	411,137
		<u>(140,203)</u>	<u>82,052</u>
(Increase)/decrease in stock		(1,361,996)	6,692,383
Decrease in debtors		472,157	5,119,523
Increase/(decrease) in creditors/provisions		4,033,566	(5,589,802)
		<u>3,003,524</u>	<u>6,304,156</u>
<b>Cash generated from operations</b>			
Interest paid		(280,888)	(411,137)
Tax paid		-	(373,250)
		<u>2,722,636</u>	<u>5,519,768</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>			
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	9	(2,077,233)	(170,866)
Proceeds from sale of fixed assets		-	26,001
		<u>(2,077,233)</u>	<u>(144,865)</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>			
<b>Cash flows from financing activities</b>			
Loans repaid		-	(406,463)
		<u>-</u>	<u>(406,463)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>			
Cash and cash equivalents at beginning of period		(8,072,382)	(13,040,823)
<b>Cash and cash equivalents at end of period</b>		<b>(7,426,979)</b>	<b>(8,072,382)</b>
Cash at bank and in hand		17,874	23,304
Bank overdrafts and Invoice Discounting facilities	12	(7,444,852)	(8,095,686)
	14	<u>(7,426,979)</u>	<u>(8,072,382)</u>

The notes on pages 12 to 27 form part of these financial statements.

# Seamark plc

## Notes to the financial statements for the year ended 31 December 2016

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### 1 Accounting policies

#### 1.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### 1.2 Going concern

The accounts are prepared on a going concern basis. The facility is due to expire on the 31<sup>st</sup> October 2017.

The Directors are in advanced negotiations with lenders for the renewal of the facility and are confident of being able to finalise the negotiations over the next few months. There is no indication that the facility will not continue.

In the event of facilities not being renewed the Directors will provide the necessary funding and support through investments held in other related undertakings to ensure the business continues as a going concern.

#### 1.3 Revenue

Revenue from the wholesale business is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Revenue from the restaurant business is recognised when the sale is made to the external customer.

#### 1.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 *(continued)*

### 1 Accounting policies *(continued)*

#### 1.4 Tangible fixed assets *(continued)*

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Buildings	-	over 25 years straight line
Fixtures, fittings, tools and equipment	-	over 10 years straight line
Plant, machinery and motor vehicles	-	over 3-5 years straight line

Freehold land is not depreciated. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income

#### 1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

#### 1.6 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. The value of work in progress and processed finished goods include directly attributable overheads.

#### 1.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 1.9 Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

### 1 Accounting policies (*continued*)

#### 1.9 Financial Instruments (*continued*)

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 1.11 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1.12 Foreign currency translation

#### *(a) Functional and presentation currency*

The company's functional currency is GBP.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

### 1.13 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### 1.15 Pensions

#### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

### 1.16 Government Grants

Grant in respect of capital expenditure are credited to deferred income and released to the statement of comprehensive income over the expected useful life of the assets. Grants towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

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### 1.17 Investment properties

Investment property are carried at fair value determined by external valuers and assessed annually by the directors. The fair value would be adjusted for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in statement of comprehensive income.

## 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

### Other key sources of estimation uncertainty

- *Tangible fixed assets (Note 9)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The directors also have to make assumptions regarding the fair value of the investment property recognised in the financial statements. This has to be established by estimating the square metre coverage used by a separate operation on the land and buildings owned by Seamark plc. The directors consider the fair value to not be materially different to the historical cost for the proportion of the site occupied and recognised as an investment property.

- *Stocks (Note 10)*

Where appropriate slow moving stocks are written down to their net realisable value, the assessment of net realisable value takes account of factors such as the availability of outlet channels and the value realised.

- *Debtors (Note 11)*

In assessing the provision for doubtful debts factors taken into account include debtors' age profile, their historical payment performance and available credit data.

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 3 Turnover

By class of business

	2016 £	2015 £
Wholesale Import and Export	54,331,128	45,096,196
Restaurant Retail	1,081,145	1,015,787

	<u>55,412,273</u>	<u>46,111,983</u>
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Geographical market

United Kingdom	15,772,021	17,490,155
Rest of Europe	39,640,252	28,621,828

	<u>55,412,273</u>	<u>46,111,983</u>
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### 4 Operating loss

	2016 £	2015 £
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	547,296	557,218
Operating lease expense	154,000	154,000
Fees payable to the company's auditor for the audit of the company's annual accounts	13,000	13,000
Foreign exchange differences	1,257,857	(52,715)
Other operating income includes:		
Management recharges	(260,411)	(506,118)
Rental income	(240,000)	(240,000)
Government grants – revenue in nature	(52,800)	(52,800)

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 5 Employees

	2016 £	2015 £
Staff costs including directors' remuneration, were as follows:		
Wages and salaries	3,047,839	3,303,404
Social security costs	245,457	256,934
Pension costs	34,292	37,335
	<u>3,327,588</u>	<u>3,597,673</u>

#### Number of employees

The average monthly number of employees (including directors) during the year was as follows:

	2016 Number	2015 Number
Administration	41	42
Management	3	3
Production	95	96
Restaurant	48	56
	<u>187</u>	<u>197</u>

The company contributes to a personal pension plan for the 3 directors (2015 - 3). The assets of the scheme are held separately from those of the company in an independently administered fund. There were no contributions payable to the fund at year end.

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 6 Directors' remuneration

	2016 £	2015 £
Directors' remuneration consist of:		
Emoluments	274,384	270,076
Payments to personal pension scheme	-	-
	<u>274,384</u>	<u>270,076</u>
Highest paid director		
Emoluments	114,867	113,868
	<u>114,867</u>	<u>113,868</u>
Amounts paid to personal pension scheme	-	-
	<u>-</u>	<u>-</u>

### 7 Interest payable and similar charges

	2016 £	2015 £
Bank loans and overdrafts	280,888	411,137
	<u>280,888</u>	<u>411,137</u>

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 8 Taxation on profit from ordinary activities

	2016 £	2016 £	2015 £	2015 £
<i>Current tax</i>				
UK corporation tax on loss of the year	-		-	
Adjustment in respect of previous years	245,575		(149,477)	
Total current tax		245,575		(149,477)
<i>Deferred tax</i>				
Origination and reversal of timing differences	(163,155)		(123,544)	
Effect of reduced tax rate on opening liability			(73,679)	
Adjustment in respect of previous years	78,329		-	
Movement in deferred tax provision (note 15)		(84,826)		(197,223)
Taxation on loss on ordinary activities		160,749		(346,700)

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(968,384)	(886,303)
Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 18% (2015 - 20.0%)	(193,677)	(177,261)
Effects of:		
Expenses not deductible for tax purposes	4,680	2,200
Capital allowances for year (less than)/in excess of depreciation	163,155	137,270
Adjustment to tax charge in respect of previous years	245,575	(149,477)
Depreciation add back	42,728	48,349
Other tax adjustments	(9,504)	(10,560)
Deferred tax adjustment prior year	70,947	-
Reversal of timing differences	(128,827)	(123,544)
Deferred Tax rate adjustments	(34,328)	(73,679)
Total tax charge for year	160,749	(346,700)

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

### 9 Tangible fixed assets

Company	Investment property £'000	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<i>Cost or valuation</i>					
At 1 January 2016	904,477	11,351,408	7,798,408	395,484	20,449,777
Additions	-	1,964,773	94,754	17,706	2,077,233
Disposals	-	-	-	-	-
Revaluations	-	-	-	-	-
<b>At 31 December 2016</b>	<b>904,477</b>	<b>13,316,181</b>	<b>7,893,162</b>	<b>413,190</b>	<b>22,527,010</b>
<i>Depreciation</i>					
At 1 January 2016	-	4,145,112	7,647,426	325,640	12,118,178
Charge for year	-	480,000	55,500	11,796	547,296
Disposals	-	-	-	-	-
<b>At 31 December 2016</b>	<b>-</b>	<b>4,625,112</b>	<b>7,702,926</b>	<b>337,436</b>	<b>12,665,474</b>
<i>Net book value</i>					
<b>At 31 December 2016</b>	<b>904,477</b>	<b>8,691,069</b>	<b>190,236</b>	<b>75,754</b>	<b>9,861,536</b>
At 31 December 2015	904,477	7,206,296	150,982	69,844	8,331,598

The net book value of land and buildings may be further analysed as follows:

	Company 2016 £'000	Company 2015 £'000
Freehold land	705,629	705,629
Long leasehold	7,985,440	6,500,667
	<b>8,691,069</b>	<b>7,206,296</b>

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 9 Tangible fixed assets (continued)

#### Investment properties

Seamark plc lease a proportion of the land and buildings to a related company.

The valuation of this part of the property has been established by reference to the square footage utilised by the separate operation. The directors have concluded that there is no material difference between the fair value and historic cost. In determining this, they have used recent valuation reports provided by professional surveyors.

All other tangible assets are stated at historical cost less depreciation and impairments.

### 10 Stocks

	2016 £	2015 £
Raw materials and work in progress	9,825,013	8,789,077
Finished goods and goods for resale	3,040,570	2,714,510
	<u>12,865,583</u>	<u>11,503,587</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

### 11 Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	5,017,722	4,262,119
Amounts owed by related parties	5,307,010	6,001,233
Prepayments and accrued income	312,501	1,067,392
Other debtors	54,867	5,772
Corporation tax	16,137	199,204
	<u>10,708,237</u>	<u>11,535,720</u>

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 12 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loan and overdrafts	3,122,281	4,739,461
Invoice discounting	4,322,571	3,356,225
Trade creditors	1,089,592	1,418,354
Amounts owed to related parties	8,509,435	3,921,524
Corporation tax	-	-
Other taxation and social security	56,862	103,396
Accruals	644,676	708,418
Directors loan account	-	172,257
	<u>17,745,417</u>	<u>14,419,635</u>

The loan, overdraft and invoice discounting of £7,444,852 (2015 - £8,095,686) are secured by fixed and floating charges over all the assets of the company.

### 13 Financial instruments

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>10,379,600</u>	<u>10,292,428</u>
<b>Financial liabilities</b>		
Financial assets measured at amortised cost	<u>(17,043,878)</u>	<u>(14,316,239)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by related parties.

Financial Liabilities measured at amortised cost comprise trade payables, bank loans, invoice discounting and amounts owed to related parties.

### 14 Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	17,874	23,304
Bank overdrafts and invoice discounting facilities	<u>(7,444,852)</u>	<u>(8,095,686)</u>
	<u>(7,426,978)</u>	<u>(8,072,382)</u>

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 15 Provisions for liabilities

	<b>Deferred Taxation £</b>
At 1 January 2016	539,568
Charged to profit and loss account	(84,826)
	<hr/>
Balance at 31 December 2016	<b>454,742</b>
	<hr/> <hr/>

### Deferred taxation

	<b>2016 £</b>	<b>2015 £</b>
Accelerated capital allowances	698,952	670,895
Trading losses	(244,210)	(131,327)
	<hr/>	<hr/>
	454,742	539,568
	<hr/> <hr/>	<hr/> <hr/>

### 16 Accruals and deferred income

	<b>Government Grants £</b>
At 1 January 2016	537,948
Amortisation in the year	(52,800)
	<hr/>
At 31 December 2016	<b>485,148</b>
	<hr/> <hr/>

### 17 Share capital

	<b>2016 Number</b>	<b>2015 Number</b>	<b>2016 £</b>	<b>2015 £</b>
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
	<hr/>	<hr/>	<hr/>	<hr/>

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 18 Contingent liabilities

There is an unlimited composite company guarantee with Ibco Limited for their HSBC facility of £10,196,156 at 31 December 2016 (2015 - £9,776,926). Ibco Limited is related by virtue of common ownership. The directors do not anticipate that any liability will crystallise under the terms of this guarantee.

### 19 Capital and Reserves

#### Profit and loss account

The retained earnings reserve includes the accumulated profits and losses arising from the statement of comprehensive income and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions to shareholders.

#### Share capital

The share capital account includes the nominal value for all shares issued and outstanding.

### 20 Commitments under operating leases

As at 31 December 2016, the company had minimum lease payments under non-cancellable operating lease as set out below:

	2016 £	2015 £
Not later than 1 year	154,000	154,000
Later than 1 year and not later than 5 years	310,000	462,000
Later than 5 years	-	-
<b>Total</b>	<b>464,000</b>	<b>616,000</b>

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 21 Related party transactions

During the year, contracts were entered into with business in which each of the directors has a material interest as a partner or shareholder.

The details of these transactions are as follows:

#### Ibco Limited

Ibco Limited, is a company under common ownership and control

	2016 £	2015 £
Sales	7,120,804	8,545,709
Purchases	617,680	163,987
Rents received	240,000	240,000
Amount due from Ibco Limited	789,534	637,794
Loan	684,663	1,430,668
Amount due to Ibco Limited	227,104	35,525

#### Ibco Enterprises

Ibco Enterprises is a company under common ownership and control

	2016 £	2015 £
Rent paid	464,000	464,000
Amount due from Ibco Enterprises	359,146	576,420

#### Seamark (BD) Limited

Seamark (BD) Limited, a Bangladesh company under common applied by similar suppliers ownership, on equivalent terms to those

	2016 £	2015 £
Purchases	15,744,125	10,783,643
Amount due to Seamark (BD) Limited	8,063,152	3,956,014
Loan receivable (Included in amount due from related parties)	1,658,671	1,604,824

#### Ibco Food Industries

Ibco Food Industries a Bangladesh company under common ownership, on equivalent terms to those applied by similar suppliers

	2016 £	2015 £
Purchases	879,988	2,122,523
Amount due to Ibco Food Industries	120,418	-

#### Seamark USA Incorporated

A US registered business under common ownership

	2016 £	2015 £
Short term loan given to Seamark USA Incorporated	781,491	625,483

# Seamark plc

## Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

### 21 Related party transactions (continued)

#### Ibco USA LLC

A US registered business owned by Mr I Ahmed and Mr K Ahmed	2016 £	2015 £
Short term loan given to Ibco USA LLC	867,169	587,475

#### Seamark Holding

A US registered business owned by Mr I Ahmed and Mr K Ahmed	2016 £	2015 £
Amount due to Seamark Holding	97,822	-

#### Restaurant Wholesale Barking

A business owned by Mr I Ahmed and Mr K Ahmed.

	2016 £	2015 £
Sales	1,062,093	1,102,186
Short term loan given to RW Barking	-	100,282
Amount due from RW Barking	298,866	300,749

#### Flying Unicorn Ltd

A business owned by Mr I Ahmed and Mr K Ahmed.

	2016 £	2015 £
Short term loan (Included in amount due from related parties)	207,665	207,555

The company has also provided an unlimited multilateral guarantee on behalf of Ibco Limited, a company with common directors and shareholders.

### 22 Ultimate controlling party

It is the opinion of the Directors, each having an equal shareholding in the company, that they jointly control the company.