

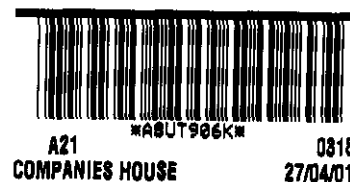
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MERSON LIMITED
REPORT AND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

Company Number: 2654063

H RAINSBURY & CO

Chartered Accountants
15 Duncan Terrace
London N1 8BZ



MERSON LIMITED
REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 31 DECEMBER 1999

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to be responsible for the 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. Within these financial statements, 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REVIEW OF THE BUSINESS:

The company's trade is that of deep sea fishing. The directors were pleased with the return to profitability in the year.

RESULTS AND DIVIDENDS:

The profit and loss account for the period is set out on page 3. No dividend is recommended.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period together with their interests in the shares of the company are as follows:

	31.12.99	31.12.98
J C Parada	-	-

FIXED ASSETS

Changes in fixed assets are reflected in the Notes to the Accounts.

AUDITORS

The Auditors, H Rainsbury & Co offer themselves for re-election in accordance with Section 384, Companies Act 1985.

SMALL COMPANY EXEMPTIONS

In preparing this report the directors have taken advantage of the special exemptions available for small companies within Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



J V COUCEIRO

Secretary

Date: 9 April 2001

REPORT OF THE AUDITORS

TO THE MEMBERS OF

MERSON LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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.

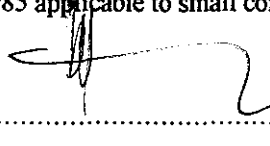
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental Uncertainty

In forming our opinion, we have considered the undertakings given by the related company and the directors to provide continued financial support and to ensure that adequate working capital is available to the Company to allow it to continue to trade, as disclosed in note 1 to the financial statements. The financial statements have been prepared on a going concern basis, the validity of which depends upon this future support. The financial statements do not include any adjustments that would result from the withdrawal of such support. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



H RAINSBURY & CO

Registered Auditor

Chartered Accountants

15 Duncan Terrace

London N1 8BZ

Date: 9 April 2001

MERSON LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	£	1999 £	£	1998 £
TURNOVER	2		856,809		503,412
External Charges	3		657,329		468,413
			<hr/>		<hr/>
			199,480		34,999
Depreciation	1	50,611		49,838	
Other Operating Charges		53,058	103,669	24,026	73,864
		<hr/>	<hr/>	<hr/>	<hr/>
Profit (Loss) on Ordinary Activities before Taxation	4		95,811		(38,865)
Taxation	5		-		-
			<hr/>		<hr/>
Profit (Loss) on Ordinary Activities after Taxation	4		95,811		(38,865)
Retained Profits (Deficiency) Brought forward			(211,681)		(172,816)
			<hr/>		<hr/>
Retained Profits (Deficiency) Carried forward			<u>£(115,870)</u>		<u>£(211,681)</u>

There are no recognised gains or losses other than as disclosed above.

The notes on pages 5 to 7 form part of these accounts.

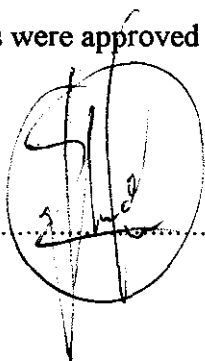
MERSON LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 1999

	Note	£	1999 £	1998 £
FIXED ASSETS				
Tangible Fixed Assets	7		100,825	143,710
CURRENT ASSETS				
Cash at Bank		40,434		830
Debtors	8	124,532		37,106
		<u>£164,966</u>		<u>£37,936</u>
CREDITORS: Amounts falling due within one year				
Creditors	9	<u>£380,661</u>		<u>£392,327</u>
Net Current Liabilities			(215,695)	(354,391)
			<u>£(114,870)</u>	<u>£(210,681)</u>
CAPITAL AND RESERVES				
Called Up Share Capital	10		1,000	1,000
Profit and Loss Account			(115,870)	(211,681)
			<u>£(114,870)</u>	<u>£(210,681)</u>

The notes on pages 5 to 7 form an integral part of these accounts

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities.

The accounts were approved by the Board of Directors on 9 April 2001 and are signed on its behalf by:



Director

MERSON LIMITED
NOTES ON AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999

1 ACCOUNTING POLICIES

(a) The directors have given undertakings to provide continued financial support and to ensure that adequate working capital is available to the company to allow it to continue to trade for a period of two years from the date of these accounts. Confirmation has also been received from the directors that monies due to them by Merson Limited will not be repaid to the detriment of any other creditor. On the strength of these assumption the accounts have been prepared on the basis of a going concern.

(b) The accounts were prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Small Entities.

(c) Provision for depreciation of fixed assets has been made on the straight line basis at the following rate: Ship & Equipment - 10% per annum

(d) Transactions in foreign currency have been converted to sterling at the rate that prevailed at the time of the transaction.

(e) The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

2 TURNOVER

Represents the invoiced value of goods sold exclusive of VAT. Exports during the period amounted to £747,176

3 EXTERNAL CHARGES:	1999	1998
Include the following payments to and	£	£
in respect of Share Fishermen		
Wages	331,791	248,063
Provisions	21,893	21,836
	<u>£353,684</u>	<u>£269,899</u>

4 PROFIT (LOSS) On Ordinary	1999	1998
Activities Before Taxation	£	£
This is stated after charging:		
Auditors Remuneration	<u>£1,600</u>	<u>£1,600</u>

5 TAXATION

No provision for taxation has been made due to losses incurred in this and previous years. The directors do not consider that any provision is required for deferred taxation under the accounting policy set out in Note 1. There is no potential unprovided deferred taxation due to the trading losses available from previous years.

MERSON LIMITED
NOTES ON AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999.....Continued

6 RECONCILIATION OF SHARE HOLDERS FUNDS	1999	1998
	£	£
Profit (Loss) for the financial year	95,811	(38,865)
Opening Shareholders funds	(210,681)	(171,816)
Closing Shareholders funds	<u>£(114,870)</u>	<u>£(210,681)</u>

7 TANGIBLE ASSETS	Ship & Equipment
	£
Cost 1 January 1999	498,384
Additions	7,726
	<u>£506,110</u>
Depreciation 1 January 1999	354,674
Charge for the year	50,611
	<u>£405,285</u>
Book Value 31 December 1999	<u>£100,825</u>
Book Value 1 January 1999	<u>£143,710</u>

8 DEBTORS	1999	1998
	£	£
Trade Debtors	68,722	18,432
VAT Recoverable	2,099	2,480
Prepayments	2,935	16,194
Amount due from Related Company	50,776	-
	<u>£124,532</u>	<u>£37,106</u>

9 CREDITORS	1999	1998
	£	£
Trade Creditors	27,212	67,746
Directors Loan Account	351,849	322,981
Accruals	1,600	1,600
	<u>£380,661</u>	<u>£392,327</u>

MERSON LIMITED
NOTES ON AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999.....Continued

10 SHARE CAPITAL

	Authorised		Allotted Issued & Fully Paid	
	1999	1998	1999	1998
	No.	No.	£	£
Ordinary Shares of £1 each	1,000	1,000	£1,000	£1,000

11 RELATED PARTY TRANSACTIONS

At the year end the company was owed £50,776 by Parasomar S.L. a company registered in Spain in which J C Parada, a director of this company, has an interest. The loan is by way of an inter-company current account, is interest free and has no fixed repayment date.

12 OPERATING LEASES

The Company had no commitments under operating leases at the Balance Sheet date.

13 POST BALANCE EVENTS

The company is entitled to receive compensation from the United Kingdom Government following a judgement in the "Factortame" case for loss of profits.

MERSON LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

		1999		1998
	£	£	£	£
SALES		856,809		503,412
<u>Less:</u>				
Payments to Share Fishermen	331,791		248,063	
Provisions	21,893		21,836	
Insurance	10,919		13,111	
Fuel and Lubricants	31,847		35,280	
Ice	8,273		3,008	
Fishing Expenses	50,945		34,703	
Repairs and Maintenance	44,249		39,116	
Bait	59,463		64,130	
Carriage	53,090		8,381	
Harbour Dues & Unloading Costs	44,859	657,329	785	468,413
Gross Profit (Loss) on fishing		199,480		34,999
<u>Less:</u>				
Salaries	19,172		-	
Management Fees	8,194		-	
Agents fees	7,074		6,600	
Travel	9,027		4,190	
Administration Expenses	4,786		9,634	
Audit & Accountancy	1,600		1,600	
P O Membership	2,400		-	
Bank Charges	355		529	
Fines	450		1,473	
Depreciation	50,611	103,669	49,838	73,864
Profit (Loss) on Ordinary Activities for the year		95,811		(38,865)
Retained Profits (Losses) b/forward		(211,681)		(172,816)
Retained Profits (Losses) c/forward		<u>£(115,870)</u>		<u>£(211,681)</u>