

MERSON LIMITED
REPORT AND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

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 2003

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 December 2003.

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.

RESULTS AND DIVIDENDS:

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

REVALUATION RESERVE

The vessel was revalued in 2002 using the Insurance Value. The licence and quota were revalued during the year by an independent third party.

DIRECTORS AND THEIR INTERESTS

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

	31.12.03	31.12.02
J C Parada	505	505

FIXED ASSETS

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

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: 1 October 2004

MERSON LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	£	2003 £	£	2002 £
TURNOVER	2		581,718		743,683
External Charges	3		669,196		753,257
			<hr/>		<hr/>
			(87,478)		(9,574)
Depreciation	1	29,144		29,144	
Other Operating Charges		105,672	134,817	40,048	69,192
		<hr/>	<hr/>	<hr/>	<hr/>
Profit (Loss) on Ordinary Activities before Taxation	4		(222,295)		(78,766)
Taxation	5		-		-
			<hr/>		<hr/>
Profit (Loss) on Ordinary Activities after Taxation	4		(222,295)		(78,766)
Retained Profits (Deficiency) Brought forward			(176,891)		(98,125)
			<hr/>		<hr/>
Retained Profits (Deficiency) Carried forward			<u>£(399,186)</u>		<u>£(176,891)</u>

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

The notes on pages 4 to 6 form part of these accounts.

MERSON LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2003

	Note	£	2002 £	£	2002 £
FIXED ASSETS					
Intangible Fixed Assets	7		241,311		241,311
Tangible Fixed Assets	8		420,642		447,629
			<u>661,953</u>		<u>688,940</u>
CURRENT ASSETS					
Cash at Bank		914		64,212	
Debtors	9	1,071		795	
		<u>£1,985</u>		<u>£65,007</u>	
CREDITORS: Amounts falling due within one year					
Creditors	10	<u>£373,185</u>		<u>£240,900</u>	
Net Current Liabilities			<u>(370,903)</u>		<u>(175,893)</u>
			<u>£290,753</u>		<u>£513,047</u>
CAPITAL AND RESERVES					
Called Up Share Capital	11		1,000		1,000
Profit and Loss Account			(399,186)		(176,892)
Revaluation Reserve	12		688,939		688,939
			<u>£290,753</u>		<u>£513,047</u>

In the director's opinion the company was entitled under section 249A(1) of the Companies Act 1985 to exemption from the audit of its accounts for the period ended 31 December 2003. No member of the company has deposited a notice under section 249B(2) requiring an audit of these accounts.

The director is responsible for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss of each year in accordance with the requirements of section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the company.

In preparing these accounts the director has taken advantage of special exemptions available to small companies on the grounds that the company qualifies as a small company for the period ended 31 December 2003.

The accounts were approved by the Board of Directors on 1 October 2004 and are signed on its behalf by:

J C Parada

Director

MERSON LIMITED
NOTES ON AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES

- (a) The director has given his undertaking 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 director that monies due to him 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 £581,718.

3 EXTERNAL CHARGES:	2003	2002
Include the following payments to and	£	£
in respect of Share Fishermen		
Wages	294,641	380,439
Provisions	27,453	26,094
	<u>£322,094</u>	<u>£406,533</u>

4 PROFIT (LOSS) On Ordinary	2003	2002
Activities Before Taxation	£	£
This is stated after charging:		
Depreciation	£29,145	£29,145
Directors Remuneration	£60,715	£-
	<u>£89,860</u>	<u>£29,145</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 2003

.....Continued

6 RECONCILIATION OF SHARE HOLDERS FUNDS	2003	2002
	£	£
Profit (Loss) for the financial year	(222,295)	(78,767)
Opening Shareholders funds	513,047	(97,125)
Revaluation Reserve	-	688,939

Closing Shareholders funds	<u>£290,753</u>	<u>£513,047</u>
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7 INTANGIBLE ASSETS	Licence & Quota
	£
Cost/Revaluation 1 January 2003	<u>£241,311</u>

8 TANGIBLE ASSETS	Ship & Equipment
	£
Cost/Revaluation 1 January 2003	982,845
Additions	2,158
Revaluation	-

£985,003

Depreciation 1 January 2003	535,216
Charge for the year	29,145

£564,361

Book Value 31 December 2003	<u>£420,642</u>
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Book Value 1 January 2003	<u>£447,629</u>
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Comparable Historical Cost for the Ship & Equipment

	£
Cost 1 January 2003	535,217
Additions	2,158

£537,375

Depreciation 1 January 2003	535,216
Charge for the year	216

£535,432

MERSON LIMITED
NOTES ON AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2003.....Continued

Comparable Historical Cost for the Ship & Equipment.....Continued

Book Value 31 December 2003 £1,943

Book Value 1 January 2003 £1

9 DEBTORS	2003	2002
	£	£
Trade Debtors	9	34
VAT Recoverable	1,062	761
Prepayments	-	-
	<u>£1,071</u>	<u>£795</u>

10 CREDITORS	2003	2002
	£	£
Trade Creditors	8,976	17,762
Directors Loan Account	362,609	221,538
Accruals	1,600	1,600
	<u>£373,185</u>	<u>£240,900</u>

11 SHARE CAPITAL	Authorised		Allotted Issued & Fully Paid	
	2003	2002	2003	2002
	No.	No.	£	£
Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>£1,000</u>	<u>£1,000</u>

12 REVALUATION RESERVE	2002	2002
	£	£
Balance Brought Forward	688,939	-
Revaluation of Vessel	-	447,628
Revaluation of Licence	-	181,311
Revaluation of Quota	-	60,000
	<u>£688,939</u>	<u>£688,939</u>

MERSON LIMITED
NOTES ON AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2003.....Continued

13 OPERATING LEASES

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

14 POST BALANCE EVENTS

The company believed that it had a claim to receive compensation from the United Kingdom Government following a judgement in the "Factortame" case for loss of profits by way of a deed of assignment from a former associated company. The deed of assignment has not been recognised and it is unlikely that they will now receive any compensation in the case.