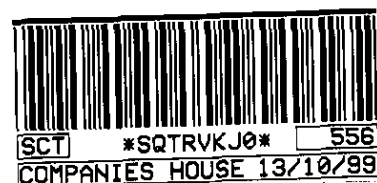


**The Don Fishing Company Ltd**  
**Report and financial statements**  
**for the year ended**  
**31 December 1998**

Registered no. 5222



# **The Don Fishing Company Ltd**

## **Report and financial statements for the year ended 31 December 1998**

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# **The Don Fishing Company Ltd**

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## **Report of the directors**

The directors submit their report together with the Company's audited financial statements for the year ended 31 December 1998.

### **Results for the year**

The Company made a profit for the year after taxation of £1,441,148. During the year an interim dividend of £1,700,000 was paid and the directors recommend that a final dividend of £450,000 is paid. The resulting loss will be deducted from reserves.

### **Principal activities**

The principal activities during the year were those of fish selling and fishing vessel management.

### **Review of business activity and future developments**

Turnover was similar to 1997 but lower costs reduced the Company's operating loss.

The Company's income from its investments in vessel partnerships increased on 1997. This income included the Company's share of gains on disposals of several fishing vessels which was higher than in 1997.

Present indications are that the Company will trade profitably in 1999.

### **Acquisitions**

During the course of 1998 the Company purchased a wholly owned vessel from The Don Fishing Company (Trawling) Ltd (note 7), increased its shareholding in one of its fishing vessel partnerships and invested further in several other partnerships. As well as the fishing vessel the Company took over other fixed assets, the deferred tax provision and the capital grants deferred credit from The Don Fishing Company (Trawling) Ltd.

### **Disposals**

During the course of 1998 the Company reduced its shareholding in one of its fishing vessel partnerships.

On 4 June 1999 the Company sold its 100% shareholding in John S Duncan Ltd to Kinlochbervie Fishselling Company Ltd which is another of its subsidiaries. The Company owns 75% of the issued share capital in Kinlochbervie Fishselling Company Ltd.

### **Tangible fixed assets**

The Company's property is fully utilised in the business and there is no intention of making any major disposals.

Details of changes in tangible fixed assets during the year are set out in note 7.

## **Report of the directors (continued)**

### **Year 2000**

We have in place a carefully planned group programme to identify, quantify and correct systems, products, services and sources of supply which may be adversely affected by the millennium computer bug. Where appropriate, we have used this opportunity to standardise and replace ageing systems.

Education and investigation began in late 1997 and, during the course of 1998, a dedicated Year 2000 Project Team, together with nominated individuals at company level have completed a wide ranging inventory, quantified the state of compliance and level of risk and have estimated the cost of replacement systems or corrective measures. The main financial, operating and information systems requiring correction have either been corrected or the solutions are in the process of being implemented. The group's Year 2000 plans are designed to have all business critical elements compliant by the end of the third quarter of 1999, with the additional objective of minimising the impact on current business operations.

We expect that the group programme will allow adequate time for testing and we are constantly auditing and monitoring progress at all sites, reporting regularly at company level and providing the group's Steering Committee with regular updates.

In order to address the business risk from third parties, we have contacted suppliers and customers and we are maintaining a database of their compliance plans. Those third parties which pose any major risk to our business are being visited and a full evaluation completed.

Naturally, we cannot be certain of avoiding a business disruption, for example a non-compliance in one of our supplier's supply chain may ultimately affect our business. Contingency plans in critical areas are therefore also being developed to minimise any risk.

### **Directors**

The present directors of the Company and those who served during the year are as follows:-

Sir Ian Wood  
Edwin C Garrett  
Digby W Morrow (resigned 24 April 1998)  
John R Penny  
Robert I Auckland  
Nicholas J Garrett

The directors have no interest in the share capital of the Company.

Mr Nicholas J Garrett and Mr John R Penny had no interest in the share capital of the group at 31 December 1998 and 31 December 1997.

All of the other directors are also directors of J W Holdings Ltd, the Company's ultimate parent company. The directors' share interests in J W Holdings Ltd are declared by that company.

# **The Don Fishing Company Ltd**

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## **Report of the directors (continued)**

### **Directors' responsibilities**

The directors are responsible for preparing accounts, on a going concern basis, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year. They have maintained proper accounting records which disclose at any time the financial position of the Company and have ensured that appropriate procedures have been followed for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities. The directors consider that, in preparing the accounts, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used, and that all applicable accounting standards have been followed.

### **Charitable donations**

Charitable donations made by the Company during the year amounted to £185 (1997 £288).

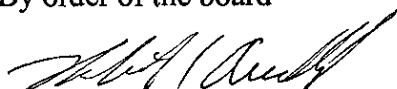
### **Secretary**

On 8 January 1999 Finlay G Crossan who was the Company's secretary resigned. On the same day Robert I Auckland was appointed in his place.

### **Auditors**

Our auditors Cooper & Lybrand merged with Price Waterhouse on 1 July 1998 following which Coopers & Lybrand resigned and the directors appointed the new firm PricewaterhouseCoopers as auditors. A resolution to reappoint the new firm, PricewaterhouseCoopers, as auditors to the Company will be proposed at the annual general meeting.

By order of the board



Robert I Auckland  
Secretary

45 Sinclair Road  
Aberdeen  
AB11 9BG

## **Report of the auditors to the members of The Don Fishing Company Limited**

We have audited the financial statements on pages 5 to 28, which have been prepared under the historical cost convention modified by the revaluation of certain assets, and the accounting policies set out on pages 12 and 13.

### **Respective responsibilities of directors and auditors**

As described on page 3 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.

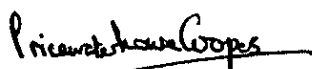
### **Basis of opinion**

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 the Company's affairs at 31 December 1998 and of the result and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered accountants and registered auditors  
Aberdeen

8 October 1999

# The Don Fishing Company Limited

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## Profit and loss account for the year ended 31 December 1998

	Note	1998 £	1997 £
<b>Turnover</b>			
- continuing operations		763,896	667,791
- acquisitions	3	120,310	-
- discontinued operations		-	195,493
		<u>884,206</u>	<u>863,284</u>
Other operating income		411,130	386,887
		<u>1,295,336</u>	<u>1,250,171</u>
Raw materials and consumables		(180,318)	(170,769)
Staff costs	4	(455,604)	(474,612)
Depreciation	7	(52,689)	(75,012)
Other operating charges		(637,744)	(716,769)
<b>Operating loss</b>	2	<u>(31,019)</u>	<u>(186,991)</u>
Comprising:			
- continuing operations		(14,389)	(194,699)
- acquisitions		(16,630)	-
- discontinued operations		-	7,708
		<u>(31,019)</u>	<u>(186,991)</u>
Income from unincorporated subsidiary undertakings	9	491,159	146,578
Income from unincorporated associated undertakings	9	464,807	323,277
Dividends receivable	8	98,375	90,000
Gain on sale of two fishing vessels		-	525,606
<b>Profit before interest and taxation</b>		<u>1,023,322</u>	<u>898,470</u>
Interest	5	207,630	66,751
Amounts written off investments	8	(67,716)	(180,424)
<b>Profit on ordinary activities before taxation</b>		<u>1,163,236</u>	<u>784,797</u>
Taxation	6	277,912	(158,644)
<b>Profit after taxation</b>		<u>1,441,148</u>	<u>626,153</u>
Dividends payable		(2,150,000)	-
<b>(Loss)/profit for the year retained</b>	16	<u>(708,852)</u>	<u>626,153</u>

There were no recognised gains or losses other than the profit for the year after taxation of £1,441,148 (1997 £626,153). The reported profit on ordinary activities before taxation is not significantly different from the historical cost profit.

# The Don Fishing Company Limited

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## Balance Sheet at 31 December 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	7	436,733	300,891
Investments	8	5,378,016	4,280,108
		<u>5,814,749</u>	<u>4,580,999</u>
<b>Current assets</b>			
Stocks	10	44,537	36,749
Debtors	11	3,689,641	3,257,688
Cash at bank and in hand		361,982	1,132,966
		<u>4,096,160</u>	<u>4,427,403</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(2,688,565)	(2,888,909)
<b>Net current assets</b>		<u>1,407,595</u>	<u>1,538,494</u>
<b>Total assets less current liabilities</b>		<b>7,222,344</b>	<b>6,119,493</b>
Creditors: amounts falling due after more than one year	12	(1,700,000)	-
Provision for liabilities and charges	13	(758,826)	(648,080)
Accruals and deferred income	14	(957)	-
<b>Net assets</b>		<u><u>4,762,561</u></u>	<u><u>5,471,413</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	10,000	10,000
Revaluation reserve	16	604,016	606,628
Profit and loss account	16	4,148,545	4,854,785
<b>Equity shareholders' funds</b>	17	<u><u>4,762,561</u></u>	<u><u>5,471,413</u></u>

The financial statements on pages 5 to 28 were approved by the board of directors on 9 July 1999 and are signed on its behalf by:



E C Garrett

Director



R I Auckland

Director



# The Don Fishing Company Limited

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## Cash flow statement for the year ended 31 December 1998

	Note	1998 £	1997 £
Net cash inflow/(outflow) from:			
Operating activities	G	<u>(516,152)</u>	<u>(134,914)</u>
Returns on investments and servicing of finance	C	<u>306,005</u>	<u>156,751</u>
United Kingdom corporation tax		<u>(82,189)</u>	<u>(176,284)</u>
Capital expenditure and financial investment	D	<u>(201,190)</u>	<u>2,483,560</u>
Acquisitions and disposals	E	<u>(277,458)</u>	<u>(771,210)</u>
Financing activities	F	<u>-</u>	<u>(931,966)</u>
(Decrease)/increase in cash		<u><u>(770,984)</u></u>	<u><u>625,937</u></u>

**Notes to the cash flow statement  
for the year ended 31 December 1998**

**A Reconciliation of net cash flow to increase in net funds**

	1998
	£
Decrease in cash during 1998	(770,984)
Net funds at 1 January 1998	1,132,966
<b>Net funds at 31 December 1998</b>	<b><u>361,982</u></b>

**B Analysis of changes in net funds**

	£
Cash at bank and in hand at 1 January 1998 (net funds)	1,132,966
Cash flows	(770,984)
<b>Cash at bank and in hand at 31 December 1998 (net funds)</b>	<b><u>361,982</u></b>

**C finance**

	Note	1998	1997
		£	£
Interest received	5	209,014	71,372
Interest paid	5	(1,384)	(4,621)
Dividends received		98,375	90,000
		<b><u>306,005</u></b>	<b><u>156,751</u></b>

**Notes to the cash flow statement  
for the year ended 31 December 1998 (continued)**

**D Capital expenditure and financial investment**

	1998 £	1997 £
Purchase of tangible fixed assets	(11,289)	(28,484)
Proceeds on sale of fishing vessels and quota	-	2,313,946
Proceeds on sale of other tangible fixed assets	-	6,601
Loans repaid by incorporated associated undertakings	30,000	258,209
Loans advanced to fishing vessel partners	(225,670)	(104,047)
Loans repaid by fishing vessel partners	5,769	37,335
	<u>(201,190)</u>	<u>2,483,560</u>

**E Acquisitions and disposals**

Acquisition of MV Antje de Vries	-	(30,365)
Purchase of investment in The Don Fishing Company (Trawling) Ltd	-	(294,872)
Trade investment acquired	(50,000)	(1,000)
Investment in unincorporated subsidiary undertakings	(8,495)	(978,348)
Investment in unincorporated associated undertakings	(285,862)	(273,148)
Proceeds on the disposal of shares in unincorporated subsidiary undertakings	66,899	725,411
Proceeds on the disposal of shares in unincorporated associated undertakings	-	81,112
	<u>(277,458)</u>	<u>(771,210)</u>

**F Financing activities**

Repayment of loans taken on following the purchase of the MV Antje de Vries business during 1997	<u>-</u>	<u>(931,966)</u>
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## Notes to the cash flow statement for the year ended 31 December 1998 (continued)

### G Reconciliation of operating loss to net cash outflow from operating activities

	1998 £	1997 £
<b>(i) Continuing operations</b>		
Operating loss	(14,389)	(139,811)
Depreciation on tangible fixed assets	35,290	59,020
Loss on sale of tangible fixed assets	1	4,232
(Increase)/decrease in stocks	(7,788)	1,276
(Increase)/decrease in trade debtors	(21,057)	63,046
(Increase)/decrease in other debtors and prepayments	(265,472)	74,189
Decrease in trade creditors	(184,638)	(80,305)
Increase/(decrease) in other taxation and social security	3,399	(26,235)
(Decrease)/increase in other creditors and accruals	(89,490)	8,545
Decrease in pension cost provision	(5,500)	(5,500)
Transfer of grant on sale of fishing vessel	-	(2,876)
Grants amortised through profit and loss account	(576)	(576)
Increase/(decrease) in net amounts owed to parent company and fellow subsidiary undertakings	7,136	(386,223)
Decrease/(increase) in net amounts owed by incorporated subsidiary undertakings	176,776	(250,843)
Decrease in net amounts owed by unincorporated subsidiary undertakings	187,226	765,259
(Decrease)/increase in net amounts owed by incorporated associated undertakings	(2,651)	14,913
Increase in net amounts owed by unincorporated associated undertakings	(335,188)	(189,975)
<b>Net cash outflow from operating activities</b>	<b>(516,921)</b>	<b>(91,864)</b>
<b>(ii) Acquisitions</b>		
Operating loss	(16,630)	-
Depreciation on tangible fixed assets	17,399	-
<b>Net cash inflow from acquisitions</b>	<b>769</b>	<b>0</b>

**Notes to the cash flow statement  
for the year ended 31 December 1998 (continued)**

**G Reconciliation of operating loss to net  
cash outflow from operating activities**

	1998 £	1997 £
<b>(iii) Discontinued operations</b>		
Operating loss	-	(47,180)
Depreciation on tangible fixed assets	-	15,992
Decrease in other debtors and prepayments	-	27,430
Decrease in other creditors and accruals	-	(39,292)
Net cash outflow from discontinued acquisitions	-	(43,050)
	<u>-</u>	<u>(43,050)</u>
<b>Net cash outflow from all operating activities</b>	<u><b>(516,152)</b></u>	<u><b>(134,914)</b></u>

## Notes to the financial statements for the year ended 31 December 1998

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain assets.

#### Turnover

Turnover represents amounts received and receivable, exclusive of VAT and trade discounts, for goods and services supplied during the year to customers within the United Kingdom. Sales by associated undertakings are not included in turnover.

#### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation. Grants received and receivable in respect of capital expenditure are credited to the profit and loss account over the expected useful life of the relevant fixed asset.

#### Depreciation

Depreciation is calculated by reference to cost or valuation at rates estimated to write off the relevant assets by equal annual instalments over their expected useful lives, which are mainly:

Heritable properties	50 years
Leasehold buildings	50 years
Fishing vessels	20 years
Plant and equipment	3 - 10 years
Vehicles	4 years

#### Partnership interests

The Company has interests in numerous partnerships most of which own one fishing vessel.

The partnerships have been treated as unincorporated subsidiary and associated undertakings as the directors consider that the Company exercises significant influence in all of these partnerships. In particular all fishing vessel partnerships in which the Company has an interest operate out of one of the Company's fishselling and management offices.

Each partnership prepares annual accounts but different accounting dates are involved. In each partnership the fixed assets are depreciated over their expected useful lives.

## **Notes to the financial statements for the year ended 31 December 1998**

### **1 Principal accounting policies (continued)**

#### **Partnership interests (continued)**

The Company's proportion of each partnership's profits, after depreciation, for the 12 months to 31 December 1998 are included in the Company's financial statements. Amounts due to or from the various partnerships are disclosed as amounts due to or from unincorporated subsidiary and associated undertakings in the Company's financial statements.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

#### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### **Pension costs**

Contributions to the pension scheme are charged to the profit and loss account so as to spread the cost over employees' working lives with the Company. The difference between the pension cost in the profit and loss account and the payment of contributions is shown as a net pension cost provision.

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction. Current assets and current liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date and differences on exchange arising thereon are dealt with through operating profit.

#### **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### **Cash flow statement**

The Company has adopted the provisions of FRS 1 and accordingly has included a cash flow statement in these financial statements.

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

	1998 £	1997 £
<b>2 Operating loss</b>		
<b>Operating loss is stated after crediting:</b>		
Transfer from capital expenditure grant deferred credit	576	576
Rental income less expenses	8,473	8,695
Net release of investment and loan provisions	199,300	73,184
<b>and after charging:</b>		
Loss on sale of other tangible fixed assets	1	4,232
Loss on foreign currency translation	-	42,173
Auditors' remuneration	11,025	9,850
<b>Hire and operating leases payments:</b>		
Plant and machinery	4,014	6,941
Motor vehicles	30,460	29,358
Property	17,367	17,713
	51,841	54,012

During the year the auditors received £1,050 (1997 £1,125) for non audit services.

**3 Acquisitions and disposals**

During the course of 1998 the Company purchased a wholly owned vessel from The Don Fishing Company (Trawling) Ltd (note 7), increased its shareholding in one of its fishing vessel partnerships and invested further in several other partnerships.

As well as the fishing vessel the Company took over other fixed assets, the deferred tax provision (note 13) and the capital grants deferred credit (note 14) from The Don Fishing Company (Trawling) Ltd. The Company paid the net book value of the assets and liabilities as consideration for the acquisition. The directors consider that the net book value of the assets and liabilities acquired represent the fair value of the acquisition.

During the course of 1998 the Company reduced its shareholding in one of its fishing vessel partnerships.



## Notes to the financial statements for the year ended 31 December 1998 (continued)

### 4 Directors and employees

	1998 Number	1997 Number
The average weekly number of persons employed by the Company during the year was:		
Directors	1	1
Management	2	2
Administration	21	20
Fishselling	4	4
	<u>28</u>	<u>27</u>

	1998 £	1997 £
Total staff costs in respect of these persons amounted to:		
Wages and salaries	399,946	417,353
Social security costs	33,835	34,358
Other pension costs	21,823	22,901
	<u>455,604</u>	<u>474,612</u>

All of the Company's fishing vessels are crewed by self-employed sharefishermen. Share money paid to these fishermen is not included in staff costs nor is the number of such men included in the average number of employees.

	1998 £	1997 £
Staff costs include the following:		
Aggregate emoluments of directors	<u>60,322</u>	<u>51,072</u>

	1998 £	1997 £
Number of directors who are accruing benefits under the group's defined benefit pension scheme in respect of qualifying services.	<u>1</u>	<u>1</u>

The above details of directors' emoluments do not include the emoluments of Mr John R Penny which are paid by the Company's immediate parent company J W Fishing Vessel Management Ltd and recharged to the Company as part of a management charge.

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

	1998 £	1997 £
<b>5 Interest</b>		
Interest receivable on:		
Short term deposits, loans and investments	208,456	71,031
Loans to employees	558	341
	<u>209,014</u>	<u>71,372</u>
Interest paid on:		
Short term deposits	(1,384)	(1,422)
Bank borrowing	-	(3,199)
	<u>(1,384)</u>	<u>(4,621)</u>
	<u>207,630</u>	<u>66,751</u>

**6 Taxation**

Based on the profit for the year:

UK corporation tax at 31% (1997-31.5%)	176,773	(246,697)
Deferred tax	(93,128)	35,920
Tax on franked investment income	(1,675)	-
	<u>81,970</u>	<u>(210,777)</u>
Prior year adjustment - current	164,396	(33,366)
- deferred	31,546	85,499
	<u>277,912</u>	<u>(158,644)</u>

There was a tax credit in 1998 despite the Company reporting a profit before tax of £1,230,952 because of taxation losses brought forward from previous years.

The taxation on income from interests in unincorporated associated undertakings is not shown separately as the Company accounts itself for the tax arising on the income from its shares in the partnerships.

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)****7 Fixed assets - tangible**

During 1998 the Company purchased a wholly owned fishing vessel from The Don Fishing Company (Trawling) Ltd which is a subsidiary undertaking. This transfer is included in the column headed up plant and equipment. At 31 December 1998 the cost of this vessel was £328,804 and the accumulated depreciation was £174,304.

Heritable properties with a cost of £25,000 and accumulated depreciation of £2,961 were leased out under operating leases.

Short term leasehold buildings with a cost of £35,000 and accumulated depreciation of £4,900 were leased out under operating leases

The short term leasehold buildings were revalued in 1991. If they had not been revalued they would have been included at 31 December as follows:

	1998	1997
	£	£
Historical cost	110,965	110,965
Aggregate depreciation	(31,573)	(29,434)
Net book value	<u>79,392</u>	<u>81,531</u>

## Notes to the financial statements for the year ended 31 December 1998 (continued)

### 7 Fixed assets - tangible (continued)

	Heritable properties £	Short term leasehold buildings £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 1998	65,000	215,000	204,562	56,394	540,956
Transferred from subsidiary	-	-	328,804	9,500	338,304
Additions	-	-	7,789	3,500	11,289
Disposals	-	-	(23,189)	-	(23,189)
At 31 December 1998	65,000	215,000	517,966	69,394	867,360
<b>Whereof:</b>					
Cost	-	-	517,966	69,394	587,360
Valuation in 1991	65,000	215,000	-	-	280,000
	65,000	215,000	517,966	69,394	867,360
<b>Aggregate depreciation</b>					
At 1 January 1998	6,600	25,800	177,521	30,144	240,065
Transferred from subsidiary	-	-	158,092	2,969	161,061
Charge for year	1,100	4,300	31,132	16,157	52,689
Disposals	-	-	(23,188)	-	(23,188)
At 31 December 1998	7,700	30,100	343,557	49,270	430,627
<b>Net book value</b>					
At 31 December 1998	57,300	184,900	174,409	20,124	436,733
At 31 December 1997	58,400	189,200	27,041	26,250	300,891

## Notes to the financial statements for the year ended 31 December 1998 (continued)

### 8 Investments

	1998 £	1997 £
Shares in subsidiary undertakings	1,169,761	1,237,477
Shares in incorporated associated undertakings	-	11,000
Loans to incorporated associated undertakings	-	20,000
Trade investments	51,000	-
Other loans (including loans to unincorporated subsidiary and associated undertakings)	322,301	102,400
	<b>1,543,062</b>	<b>1,370,877</b>
Interests in unincorporated subsidiary undertakings (note 9)	2,052,028	1,655,813
Interests in unincorporated associated undertakings (note 9)	1,782,926	1,253,418
	<b>3,834,954</b>	<b>2,909,231</b>
	<b>5,378,016</b>	<b>4,280,108</b>

	Shares in subsidiary undertakings £	Shares in incorporated associated undertakings £	Loans to incorporated associated undertakings £	Other loans £
<b>Cost or valuation</b>				
At 1 January 1998	1,562,790	11,000	20,000	118,400
Transferred during year	-	(1,000)	-	-
Additions	-	-	-	225,670
Repaid during year	-	(10,000)	(20,000)	(21,769)
At 31 December 1998	<b>1,562,790</b>	<b>-</b>	<b>-</b>	<b>322,301</b>
Whereof:				
Cost	468,876	-	-	322,301
Valuation in 1976 (cost £225,454)	1,093,914	-	-	-
	<b>1,562,790</b>	<b>-</b>	<b>-</b>	<b>322,301</b>
<b>Provisions</b>				
At 1 January 1998	(325,313)	-	-	(16,000)
Released/(provided) during year	(67,716)	-	-	16,000
At 31 December 1998	<b>(393,029)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
At 31 December 1998	<b>1,169,761</b>	<b>-</b>	<b>-</b>	<b>322,301</b>
At 31 December 1997	<b>1,237,477</b>	<b>11,000</b>	<b>20,000</b>	<b>102,400</b>

During 1998 the Company increased its investment in Granite City Ice Company Ltd from £1,000 to £51,000. Granite City Ice Company Ltd is classified as a trade investment.

Included in shares in subsidiary undertakings are loans totalling £216,484 which were fully provided for at the start of the year. A provision of £67,716 was made in 1998 against the carrying value of the investment in The Don Fishing Company (Trawling) Ltd.

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)****8 Investments (continued)**

<b>Principal incorporated subsidiary undertakings:</b>	<b>Percentage of issued ordinary shares held by the Company</b>	
	<b>Country of registration</b>	
Ordinary shares of £1 each:		
The Don Fishing Company (Trawling) Ltd	Scotland	100
John S Duncan Ltd	Scotland	100
Kinlochbervie Fishselling Company Ltd	Scotland	75

The three subsidiaries were principally involved in fishselling and fishing vessel management. However in the second half of 1998 The Don Fishing Company (Trawling) Ltd ceased to trade.

A dividend of £90,000 (1997:£90,000) was receivable from Kinlochbervie Fishselling Company Ltd during the year.

The directors are of the opinion that the value of the Company's investments in its subsidiary undertakings is not less than the amount at which it is stated in the balance sheet.

Group financial statements are not prepared as the Company is a wholly owned subsidiary of another company registered in Scotland.

**Principal incorporated associated undertakings:**

In 1998 The Aberdeen Box Pool Ltd ceased trading, the property was sold and the company wound up. A dividend of £8,375 (1997 £Nil) was received from the Aberdeen Box Pool Ltd before the company was wound up.

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)****9 Interests in unincorporated subsidiary and associated undertakings**

The interests in unincorporated subsidiary and associated undertakings represent capital introduced by the Company (net of drawings and provisions) together with the Company's share of profits and losses.

The movement in the Company's investment in unincorporated subsidiary and associated undertakings during the year was as follows:

	<b>Unincorporated subsidiary undertakings £</b>	<b>Unincorporated associated undertakings £</b>	<b>Total £</b>
At 1 January 1998	1,655,813	1,253,418	2,909,231
Additions	8,495	285,862	294,357
Disposals	(66,899)	-	(66,899)
Drawings by the Company	(406,487)	(221,161)	(627,648)
Increase in debtor balances	369,947	-	369,947
Share of profits	441,159	331,507	772,666
Release of provisions	50,000	133,300	183,300
At 31 December 1998	<b>2,052,028</b>	<b>1,782,926</b>	<b>3,834,954</b>

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

**9 Interests in unincorporated subsidiary and associated undertakings (continued)**

**Unincorporated subsidiary  
undertakings**

<b>at 31 December 1998</b>	<b>Partnership share</b>	<b>Year end</b>	<b>Principal place of business</b>
M V Karmarra	48/64	30 September	186 Albert Quay, Aberdeen
M V Ross Anne	48/64	30 September	186 Albert Quay, Aberdeen
M V Seringa	48/64	31 December	186 Albert Quay, Aberdeen
M V Demares	48/64	31 December	20 Harbour Street, Peterhead
M V Helene	48/64	30 April	20 Harbour Street, Peterhead
M V Ryanwood	33/64	31 December	20 Harbour Street, Peterhead
M V Moravia	48/64	30 June	20 Harbour Street, Peterhead
M V Starwood	36/48	31 December	20 Harbour Street, Peterhead
M V Sharona	48/64	31 December	The Pier, Kinlochbervie

**Unincorporated associated  
undertakings**

<b>at 31 December 1998</b>	<b>Partnership share</b>	<b>Year end</b>	<b>Principal place of business</b>
Craigwood Partnership	32/64	31 December	186 Albert Quay, Aberdeen
M V's Alexanders and Aquarius	16/64	30 April	186 Albert Quay, Aberdeen
M V Denebula	16/64	31 December	186 Albert Quay, Aberdeen
M V Kiroan	32/64	28 February	186 Albert Quay, Aberdeen
M V Abdome	24/64	31 December	20 Harbour Street, Peterhead
M V Ascania	24/64	31 December	20 Harbour Street, Peterhead
M V Helenus	8/64	31 December	20 Harbour Street, Peterhead
M V Nordfjdordr	8/64	30 April	20 Harbour Street, Peterhead
M V Ocean Hunter	16/64	31 December	20 Harbour Street, Peterhead
M V Sagittarius	16/64	31 December	20 Harbour Street, Peterhead
M V Benaiah	20/64	31 October	21 Shore Street, Macduff
M V Carina	16/64	30 April	21 Shore Street, Macduff
M V Crystal Sea	8/64	30 June	21 Shore Street, Macduff
M V Crystal Waters	8/64	31 December	21 Shore Street, Macduff
M V Genesis	16/64	31 August	21 Shore Street, Macduff
M V Lorena	16/64	31 May	21 Shore Street, Macduff
M V Poseidon	8/64	31 December	21 Shore Street, Macduff



**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

**10 Stocks**

	1998	1997
	£	£
Consumables	1,970	1,850
Goods for re-sale	42,567	34,899
	<u>44,537</u>	<u>36,749</u>

**11 Debtors**

	1998	1997
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	515,566	494,509
<b>Amounts owed by group undertakings:</b>		
Parent company and fellow subsidiaries	-	513
Incorporated subsidiaries	193,838	359,519
Unincorporated subsidiaries	206,965	360,675
Dividend receivable from subsidiary	90,000	90,000
<b>Amounts owed by associated undertakings:</b>		
Unincorporated	1,948,497	1,683,661
Corporation tax recoverable	160,888	118,099
Group relief receivable	176,773	19,070
Other debtors	227,505	36,517
Loans to employees	6,285	1,785
Prepayments and accrued income	163,324	93,340
	<u>3,689,641</u>	<u>3,257,688</u>

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

**12 Creditors**

	1998	1997
	£	£
<b>Amounts falling due within one year:</b>		
Trade creditors	575,087	759,725
Amounts owed to group undertakings:		
Parent companies and fellow subsidiaries	210,276	203,653
Incorporated subsidiaries	1,207,449	1,075,308
Unincorporated subsidiaries	8,348	11,372
Amounts owed to associated undertakings:		
Incorporated	-	2,651
Unincorporated	42,982	334,495
Dividend payable	450,000	-
Corporation tax	29,494	340,305
Group relief payable	89,620	-
Other taxation and social security payable	30,875	27,476
Other creditors	32,209	117,681
Accruals and deferred income	12,225	16,243
	<u>2,688,565</u>	<u>2,888,909</u>

**Amounts falling due after more than one year:**

	1998	1997
	£	£
Loan from ultimate parent company	<u>1,700,000</u>	-

The loan from J W Holdings Ltd is interest free and is not repayable before the end of 2010.

**13 Provision for liabilities and charges**

	1998	1997
	£	£
Deferred taxation	729,896	613,650
Pension cost provision	28,930	34,430
	<u>758,826</u>	<u>648,080</u>

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

**13 Provision for liabilities and charges (continued)**

Deferred taxation provided in these financial statements and the amount not provided comprises corporation tax deferred by:

	1998		1997
	Provided in financial statements £	Amount not provided in financial statements £	Provided in financial statements £
			Amount not provided in financial statements £
Accelerated capital allowances	738,864	-	624,323
Other timing differences	(8,968)	-	(10,673)
	<u>729,896</u>	<u>-</u>	<u>613,650</u>

**Deferred tax provision:**

£

At 1 January 1998	613,650
Credit - current year	93,128
- prior year	(31,546)
Transferred from subsidiary	54,664
At 31 December 1998	<u>729,896</u>

**Pension cost provision:**

At 1 January 1998	34,430
Credit to profit and loss account	(5,500)
At 31 December 1998	<u>28,930</u>

The group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group being invested with two pooled balanced funds. Contributions to the scheme are determined by a qualified actuary on the basis of periodic valuations. The most recent valuation was at 6 April 1998. The particulars of the actuarial valuation are contained in the financial statements of J W Holdings Ltd. The pension charge for the year was £21,823 (1997 £22,901).

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)**

**14 Accruals and deferred income**

	1998 £	1997 £
<b>Capital expenditure grants deferred credit:</b>		
At 1 January 1998	-	3,452
Transferred from/(to) subsidiary	1,533	(2,876)
Credit to profit and loss account	(576)	(576)
At 31 December 1998	<u>957</u>	<u>-</u>

**15 Called up share capital**

	1998 £	1997 £
<b>Authorised</b>		
Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

**16 Reserves**

	Revaluation reserve £	Profit and loss account £
At 1 January 1998	606,628	4,854,785
Loss for the year	-	(708,852)
Revaluation element in depreciation charge - current year	(2,612)	2,612
At 31 December 1998	<u>604,016</u>	<u>4,148,545</u>

**17 Reconciliation of movements in shareholder's funds**

	1998 £	1997 £
Profit for the year	1,441,148	626,153
Dividends payable	(2,150,000)	-
Opening shareholders' funds	5,471,413	4,845,260
Closing shareholders' funds	<u>4,762,561</u>	<u>5,471,413</u>

**Notes to the financial statements  
for the year ended 31 December 1998 (continued)****18 Commitments under operating leases**

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Payments falling due in 1999 in respect of operating leases which expire:				
Within one year	10,000	-	8,025	7,113
Within two to five years	-	33,939	-	20,884
Later than five years	9,845	-	9,845	-
	<u>19,845</u>	<u>33,939</u>	<u>17,870</u>	<u>27,997</u>

**19 Contingent liabilities**

At the balance sheet date the Company had guaranteed loans amounting to £2,719,208 (1997 £2,079,900) obtained by partners in fishing vessels in which the Company or a subsidiary is also a partner.

In addition, the Company has a contingent liability arising from a guarantee without limit extended to the group's principal bankers in respect of sums advanced to certain other members of the group.

**20 Related party transactions**

The Company has interests in numerous partnerships which own one or more fishing vessels. Many of these vessels receive services from two ship repairing companies which are fellow subsidiary undertakings of the Company. Wood & Davidson Ltd operates out of Aberdeen while Marine Engineering Company (Peterhead) Ltd operates out of Peterhead. During the year fishing vessel partnerships purchased services with a value of £303,440 (1997 £292,283) from Wood & Davidson Ltd.

The Company provides fishselling services to fishing vessel partnerships in which it or other group companies hold shareholding interests. The total value of fish sold by the Company on behalf of these fishing vessel partnerships in 1998 was £10,743,551 (1997 £8,972,360). The Company earns a commission on these fish sales and this commission is disclosed as part of the Company's turnover for the year.

## **Notes to the financial statements for the year ended 31 December 1998 (continued)**

### **20 Related party transactions (continued)**

As explained in note 4 the fishing vessel partnerships in which the Company holds a shareholding interest are crewed by self employed sharefishermen. The sharefishermen are remunerated by a share of the value of the fish sold after deducting operating costs of the fishing vessel on which they crew.

At 31 December 1998 the Company had loans of £309,571 (1997 £118,400) outstanding to individual partners in fishing vessel partnerships in which the Company owns shares. The movements in these loans during the year are shown in note 8.

At 31 December 1998 the Company had a loan of £Nil (1997 £20,000) outstanding from the Aberdeen Box Pool Ltd. The movement on this loan is shown in note 8.

The Company provides management services to Kinlochbervie Fishselling Company Ltd in which it has a 75% shareholding interest. In 1998 the charge made for these management services was £110,000 (1997 £110,000).

As the Company is a wholly owned subsidiary of J W Holdings Ltd which prepares consolidated financial statements the Company is exempt from the requirement to disclose further information with regard to related party transactions which are eliminated on consolidation. There were no other material related party transactions.

### **21 Ultimate parent company**

The directors report that J W Holdings Ltd, registered in Scotland, is the Company's ultimate parent company. J W Holdings Ltd is controlled by Sir Ian Wood and his children through a number of trusts.