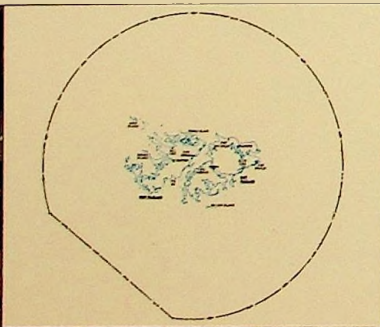




STANLEY FISHERIES LTD



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In its first year of operation, Stanley Fisheries Limited (SFL) has made a significant contribution to the commercial development of the Falkland Islands fishery. Starting from scratch, investment income of over £7 million was generated through joint venture premiums and 14 joint venture companies have been established. Whilst, to some extent, money has tended to chase projects, a number of worthwhile schemes were approved by the Board during the year which will bring a good return to the Company and to the Islands' economy.

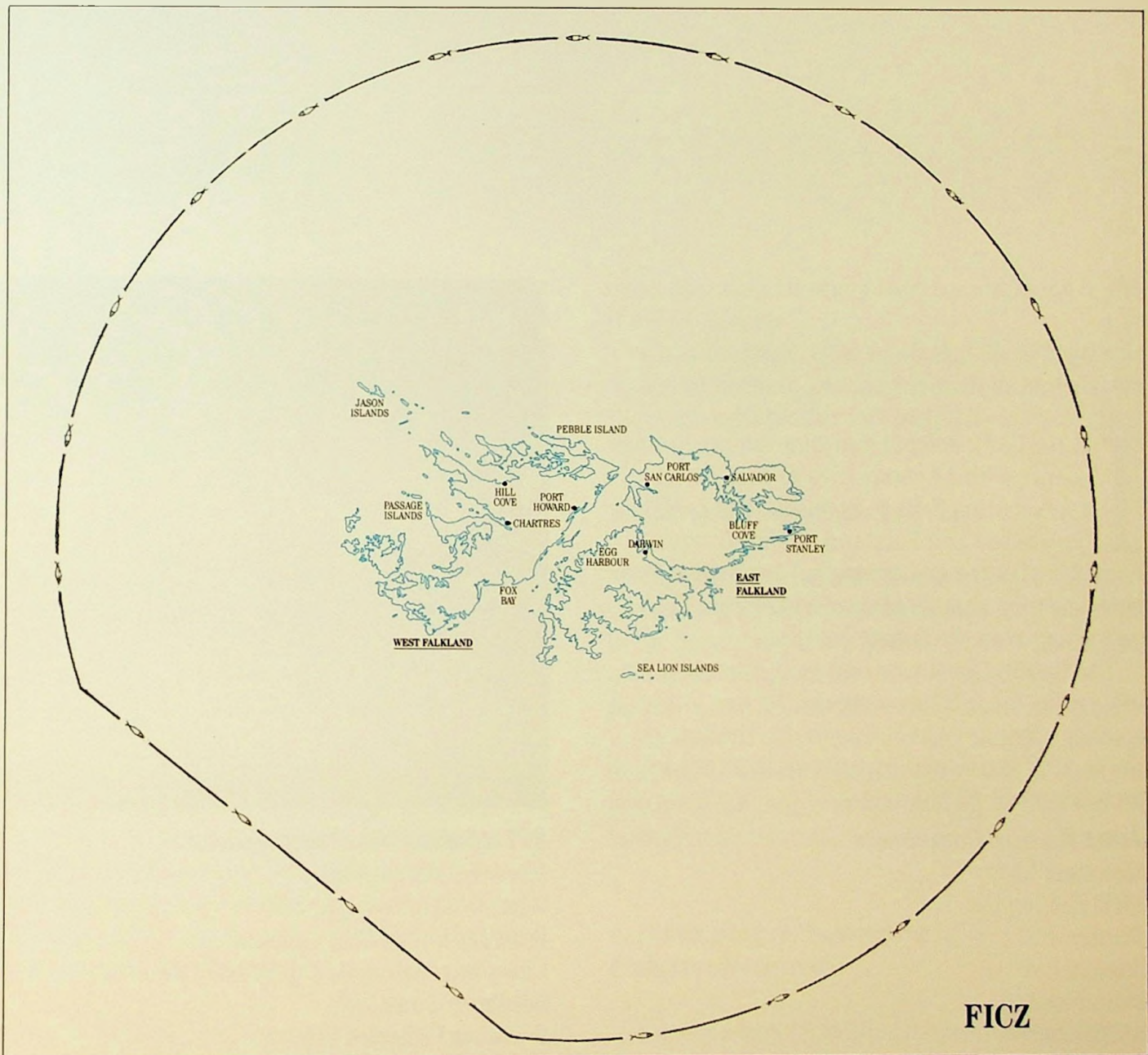
SFL is a commercial undertaking and takes commercial decisions. It is not a substitute or replacement for Government. It has been responsive, like any commercial operation, to Government policy and, as a wholly-owned subsidiary of the Falkland Islands Development Corporation (FIDC), it can receive direct advice from officials. With two existing Councillors and a former Councillor on the Board, sound investment decisions have been made and policies formulated.

Like any new organisation, the Company has had some teething problems, but its achievements with a small staff have been considerable. I recognise that, at times, the Company could have done more to communicate with its partners and, more especially, with the people of the Falkland Islands. I hope this can be remedied in the future and a positive effort will be made in 1988 to improve the Company's performance in this area. SFL is off to a good start and has much to contribute to the economy of the Islands.

A handwritten signature in dark ink, appearing to read "Brian R Cummings". The signature is written in a cursive style.

B. R. Cummings
Chairman
Stanley Fisheries Limited

THE STRUCTURE OF STANLEY FISHERIES



With the declaration of the Falklands Interim Conservation and Management Zone (FICZ) in October 1986, the Falkland Islands Government adopted, as an element of its fishing licensing policy, the principle of giving preference to fishing companies prepared to enter into a joint venture agreement

with SFL, a wholly owned subsidiary of FIDC.

The aim of the joint venture system is to encourage the commercial development of the fishery by bringing specific commercial benefits to the Company and, as a result, economic and social benefits to the Falkland Islands.

In 1987 SFL entered into joint venture arrangements with 14 companies or associations representing British, Spanish, New Zealand, Taiwanese and Falkland Islands interests. Locally registered and controlled companies were formed with a shareholding of 51 per cent SFL and 49 per cent the fishing company.

The funding for these companies was provided, in total, by the fishing companies by way of a joint venture premium currently equal to the licence fee. In 1987 the total income from the joint venture premiums was £7.2 million.

Joint Venture Companies

Stanmarr Ltd
SWB Fishing Ltd
Stankor Ltd
Stancal Ltd
Stancross Ltd
SNZ Fisheries Ltd
Falkspan Ltd
AGS Fisheries Ltd
Falconview Fisheries Ltd
Stanco Ltd
Clipper (Falklands) Ltd
Starfish Ltd
Australis Fisheries Ltd
Seamount Ltd



SFL's fishing/trading partners

Marr (Falklands) Ltd
Witte Boyd (Holdings) Ltd
Berkeley Sound Shipping Ltd
Caley International (Falklands) Ltd
Southern Cross Ltd
Solander Fisheries Ltd
Anamer (Spain)
Aspe (Spain)
Falconview Ltd
SASASCO
Scofish International Ltd
FCF Fisheries Co Ltd (Taiwan)
Fortuna Ltd (F.I.)
Seaboard Offshore Ltd

1. Commercial Development

The Falkland Islands, historically, has not had an indigenous fishing industry. As the fishery developed around the Falklands during the last decade it remained an offshore activity, involving only foreign vessels and with very limited links to the Islands.

With the establishment of the FICZ the situation changed. The Falkland Islands Government became responsible for the issuing of licences and the management of the fishery. This development gave the opportunity for Islanders to become directly involved in the fishery. It is a primary aim of SFL to involve Falkland Islands companies and people in the commercial development of the fishery. Through SFL and its subsidiaries opportunities exist for local businesses to be established to provide various services to the fleet and, most importantly, for the possible purchase and operation of fishing vessels, thereby creating an indigenous fishing industry.

2. Working with the Industry

With no expertise in the fishing industry in the Falkland Islands, much of 1987 has been spent learning the business. One of the reasons for establishing joint venture companies was to give SFL access to its partners' fishing and business

expertise, many of whom have been working in the trade for decades.

It has, therefore, been important for SFL to build up a good working relationship with its partners so that each joint venture can realise its full potential.

3. Strengthening British Links

The SFL joint venture system is an excellent method of generating venture capital for investment in the fishery and it has already produced a number of benefits for the British fishing industry. The purchase and refurbishment of vessels in British yards and the subsequent crewing and management of those vessels with British personnel has been a feature of the past year and is likely to develop further in the future.

4. Developing a Programme of Fisheries Research

For any resource to be managed successfully it must be properly understood. Very little is known about the detail of the fishery around the Falklands and, therefore, research into as many aspects as possible of the prey species, the environment in which they live, and their interaction with other species must be a priority. SFL has given substantial assistance to various research projects and will continue this policy.

With the rapid growth of SFL from a fledgling company into one with major assets it was important to develop a strategy that would help to fulfil its objectives. This strategy was based on a series of key activities:

- Ensuring that foreign partners visited the Falklands to widen their understanding of the fishery and the local community. As a result, many of the senior managers of fishing companies from such diverse locations as Spain, New Zealand, Japan, Taiwan, Korea, UK and Poland have now visited the Islands.
- Taking part in a series of visits to the home bases of joint venture partners so that SFL could both assess the qualities of its partners and learn about the detailed requirements of the fishing industry. SFL staff have visited: Witte/Boyd and J Marr in Hull; Anamer and Aspe in Vigo, Spain; Gryf, Odra and Dalmor in Poland; Christophersens in Montevideo, Uruguay; and many others.



- Investigating the major fishing centres, companies, and markets of the Far East. SFL representatives went to Taiwan, Korea and Japan in September 1987. They spent a considerable period of time learning about Far Eastern markets, the processing of Falklands fish, the fishing companies themselves and their relationships with SFL's partners. This visit is discussed later in this report.
- Initiating a series of commercial projects in the area of vessel purchase and charter both in the main offshore fishery and also in the smaller inshore crab fishery. Six large fishing vessels have been purchased with joint venture partners. These vessels are: 'Lord Shackleton'; 'Hill Cove'; 'Mount Challenger'; 'Mount Kent'; 'Kastor' and 'Albatross'. They represent the formation of a Falkland Islands fishing fleet. A small crabber from Devon, the 'Laura Jay', was also purchased to start work on the crab fishery within the three mile limit.
- Developing an onshore infrastructure, including



The Upland Goose Hotel

the provision of sufficient housing, which is essential in facilitating offshore development. A major housing contract is now underway to provide houses mainly for fisheries-related personnel. The Upland Goose Hotel has also been acquired and will undergo extensive renovation.

- Establishing a series of research projects to investigate the detail of the fishery. Projects focussing on blue whiting parasitism and the

impact of a fishery on the crab population have been started.

- Encouraging the active participation of the local community in determining the future development of the fishery.

SFL has co-operated fully in the production of the Prynne Long Term Economic Development Study which focuses on a range of possible development options.

These have been split into three broad categories:

- ONSHORE
- OFFSHORE
- RESEARCH

ONSHORE

During 1987 SFL undertook two important onshore developments involving the provision of increased accommodation in Stanley.

Housing has always been in short supply in the Falklands. With the rapid development of fishing-related business it was soon realised that the inevitable influx of people required to run those businesses would necessitate additional housing. SFL was keen to ensure that the comparatively rich fishing concerns did not buy local houses which would result in massive inflation in the property market. With its controlling interest, SFL encouraged the joint venture companies not to buy local houses and to invest instead in The Housing Corporation Ltd.

The Housing Corporation Ltd is a holding company which has organised a contract to build 26 new houses on the east side of Stanley. With the professional help of design engineers McAdam Design Ltd, the contract, worth £2.6 million, was let to the Fairclough Miller joint venture in June 1987. Work started on site in October and the houses are due to be completed and fully furnished by June 1988. The houses will be owned freehold by the joint venture companies.

There is also an acute shortage of hotel space in Stanley. In October 1987 SWB Hotels Ltd, a wholly owned subsidiary of SWB Fishing Ltd, itself the joint venture between SFL and Witte/Boyd Holdings Ltd of Hull, bought the Upland Goose



Hotel. The aim of the new company is to upgrade the hotel and to extend its facilities. Renovation is due to take place during the 1988 austral winter.

OFFSHORE

The majority of investments by SFL and its subsidiaries have been offshore. The initial concentration on offshore projects was prompted by concern that extensive onshore development would have a major impact on the social structure of the Islands. It was therefore considered prudent to give onshore activity a low priority until after the development options contained in the Prynne Long Term Economic Development Study had been fully debated.

Vessel Purchase

Six trawlers have been purchased by SFL subsidiaries and will start fishing in the 1988 seasons. The vessels, with an average cost of £2 million and an average GRT of 1,500 tonnes, are concentrating on the squid fisheries, but will be fishing all year round. SFL is keen to ensure that the fishery achieves its full potential by becoming a 12-month business.

The six vessels are:

'Lord Shackleton'	SWB Fishing Ltd
'Hill Cove'	Stanmarr Ltd
'Mount Challenger'	Seamount Ltd
'Mount Kent'	Seamount Ltd
'Kastor'	Castor Ltd
'Albatross'	Malabar Ltd

The purchase of these vessels has fulfilled several of SFL's objectives. In addition to creating an indigenous fishing fleet, it has also assisted in the revitalisation of the British fishing industry, as the majority of these ships have been refurbished in British shipyards (at Hull and Tyneside) under British management.

Crab Fishing

Falkland Seafoods Ltd was established as a wholly owned subsidiary of SWB Fishing Ltd (the joint venture between SFL and Witte/Boyd Holdings Ltd) specifically for the commercial exploitation of the locally abundant False King Crab, *Paralomis granulosa*.

The old Beaver seaplane hangar on the west side



Brian Harvey - Falkland Seafoods

of Stanley has been converted into a processing plant. Under the management of an experienced Devon processor, local labour is extracting the meat from cooked crab prior to freezing and shipping to the UK where the finished product fetches a premium grade price.

The 36-foot Devon crabber, 'Laura Jay', was bought down to the Islands during 1987 and, during the second half of the year, started laying pots primarily in Choiseul Sound. Crab are landed at Mare Harbour and transported by road to the processing plant in Stanley.

It is hoped that more concentrations of crab and other species with commercial potential will be found in 1988.

RESEARCH



A Stock Assessment of the Falkland Islands Inshore Crab Fishery

Following a study of inshore waters by Fortoser, Falkland Seafoods Ltd (a subsidiary of the joint venture, SWB Fishing Ltd) was established to exploit the local populations of crab around the Falklands.

Two crab species are involved: the abundant, but rather small False King crab or Hair crab, *Paralomis granulosa*; and the large but rare Southern King crab, *Lithodes antarctica*. The 'Laura Jay' has been fishing around 300 crab pots in the Choiseul Sound area since September.

Daniel Hoggarth, a student at the Renewable Resources Assessment Group, Imperial College, University of London, has been engaged by SFL to study the biology and population dynamics of the inshore crab species with the aim of making recommendations on the management and exploitation of the resource. The scientist works on the 'Laura Jay' during fishing days monitoring

total catches at each location and taking samples from each catch for detailed analyses. Length, weight, sex, maturity and moult-stage are among the data recorded for each crab sampled. This information will provide a biological picture of the crab stocks in terms of the distribution of sizes and sexes around the Islands and how this pattern is affected by seasonal changes.

To date, the 'Laura Jay' has fished mostly in Choiseul Sound, where the best catches were recorded by Fortoser. In this area a single pot can contain as many as 300 crabs, but most of these are too small to process economically and are returned to the sea. It is hoped that the survey will soon be extended to investigate the potential of areas further afield, such as the seas around West Falkland. Stocks of larger individuals could well be found in these areas, particularly during the summer breeding season.

The ultimate aim of this research is to find the total abundance and distribution of crab around the inshore zone and predict how much, and which parts, of the population can be exploited without either endangering the species or reducing it to a level where fishing becomes uneconomic.

Southern Blue Whiting Parasitism Study

The southern blue whiting, *Micromesistius australis*, one of the cod family *Gadidae*, currently represents the major finfish species caught within the FICZ.

This resource is, however, heavily infected with

a myxozoan tissue parasite (*Kudoa alliarica*) which forms large cysts, up to two centimetres long, within the muscle of the fish. Although the parasite is neither pathogenic nor infectious to humans, the cysts within the flesh of the fish are highly visible and render the fish unacceptable to most consumers. In addition, the cysts of the parasite release proteolytic enzymes into the surrounding muscle which lead (once the fish are dead) to a rapid degradation of the flesh. This results in the fish being more difficult to process and also less attractive to consumers. Parasite cysts can be cut out of fillets, but there is a substantial additional cost for this labour-intensive process. The fish does produce a high quality fishmeal, but this product has a far lower conversion rate from whole fresh fish than does fillets and represents a substantially lower market value per tonne of fish caught.

The research project into the relationship between the parasite and southern blue whiting is based upon a field sampling programme of blue whiting around the Falkland Islands. This is conducted in collaboration with the Falkland Islands Fisheries Department and the Polish fishing fleet. Thorough examination of the fish samples collected is conducted at the Renewable Resources Assessment Group, Imperial College of Science and Technology in London, where analyses of the results are also carried out. This is providing information on the size of the problem with regard to the exploitation of the fish stock and a detailed understanding of the dynamics of the infection

process of the parasite. Areas of research that are of particular interest include the prevalence of the infection, the average number of parasites per fish and how these vary with the age, length, weight, sex and sexual maturity of the fish and also with the geographical location where the fish occur. Seasonal and yearly trends will also be examined.



Fox Bay salmon cage

Salmon Hatchery

The Fox Bay pilot salmon farming project, undertaken by the Institute of Aquaculture at the University of Stirling, has three objectives:

- to assess the growth and performance of Atlantic salmon in Falkland Islands conditions.
- to investigate the potential for the production of food manufactured from locally available raw materials.
- to evaluate potential costs of salmon production in the Islands.

The salmon production cycle is a long process, taking up to four years from the time when the eggs hatch to the production of market size fish; hence the long time also required to evaluate the viability



of a salmon farming industry. However, certain patterns are already emerging.

The facilities installed so far include a hatchery just outside Fox Bay Village, and on-growing cages in sea water in Fox Bay itself. The first stock were imported as eggs in April 1986 and four subsequent introductions have now been made from a number of Scottish hatcheries, including the University's own. Growth rates in the freshwater stage of the production cycle have so far proved to be slower than in Scotland, where the majority of young salmon can usually be transferred to seawater as smolts (young salmon) after an 18-month freshwater phase. The principal reason for this is the lower temperatures generally experienced in the Falklands, although the trauma of transport and sudden seasonal change that the imported Scottish stock have had to undergo has probably not helped performance.

Unfortunately, because of transport logistics southern hemisphere stock cannot be used and it will be some time before local broodstocks can be developed. It appears that in the Falklands a period of 24-30 months is likely to be required for the

freshwater phase and the first major introduction of smolts to sea water is thus now likely to be in December 1988, with a possible first harvest of fish in 1990.

The sea water phase of the production cycle, in which smolts are on grown to market size in floating cages, will be aided to some extent by the availability of numerous sheltered bays. The growth rates of the fish in sea water will be important in assessing the potential viability of the industry, and this factor still remains to be determined.

Dredging and FIPASS

During 1987 SFL began an extensive investigation into the future potential of FIPASS (Falklands Intermediate Port and Storage System) as the centre of commercial development of the fishery. FIPASS is a complex of six floating barges giving a wharfage of approximately 300 metres. Four of the barges have large warehouses and one carries an accommodation and office block. The complex, to the east of Stanley, is connected to the shore by a 190-metre causeway.

The draft on the seaward side of the system is six metres and, although deep enough for many of the smaller fishing vessels, it is not suitable for the larger trawlers and reefer vessels. The viability of dredging Stanley Harbour and the approaches to FIPASS is therefore an integral element in determining its role.

SFL commissioned consulting and design engineers Rendel, Parmer and Tritton to prepare



both an economic study of FIPASS and a detailed survey and tender for the dredging of Stanley Harbour. Following both studies, it has been decided that, because of uncertainty about the commercial development of FIPASS, dredging of the harbour and the conversion of FIPASS should not be undertaken at this time although some commercial letting seems possible.

Far East Visit

A major component of SFL's strategy for 1987 was the investigation of the fishing industry in the Far East - the principal market for Falklands Squid.

A three-man delegation (Chairman Brian Cummings and directors Simon Armstrong and Michael Gaiger) made an extensive visit to Korea, Taiwan and Japan in August and September 1987.

The visit was extremely informative and successful, giving SFL a greater understanding of the business and the part that the Falklands fishery plays in the Far Eastern market. The knowledge gained on the visit enabled SFL to make a series of recommendations to the Falkland Islands Government (FIG) including the holding of an international fisheries seminar in Stanley which took place in March 1988.

STAFF AND MEMBERS

*Left to right: Annagret Adams, Shane Wolsey, George Summers,
John Pollard, Simon Armstrong.*



SFL MEMBERS

B R Cummings Chairman
S G Armstrong
R P S Wolsey
L G Blake (FIG Councillor with fisheries
 portfolio)
T S Betts (FIDC member with fisheries
 portfolio)
W R Luxton (FIDC Executive Board member)
M C L Gaiger
J Beddington (to 7 December 1987)

SFL STAFF

A small staff has managed SFL during its inaugural year, several working both with FIDC and SFL.

S G Armstrong General Manager
R P S Wolsey Assistant General Manager
J Pollard Administration Manager
J Gilding PA to GM
A Adams Secretary
M Thomson PA to AGM (from 24.8.87)
G Summers Bookkeeper (from 1.1.88)

Auditors' Report to the Members

Year ended 31 December 1987

We have audited the financial statements on pages 16 to 24 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 31 December 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1948.

Pannell Kerr Forster
Chartered Accountants

Aberdeen

6th May, 1988

Consolidated Profit and Loss Account

Year ended 31 December 1987

	Notes	1987
		£
TURNOVER	2	7,513,743
COST OF SALES		174,456
GROSS PROFIT		7,339,287
ADMINISTRATIVE EXPENSES		1,098,975
		6,240,312
SHARE OF LOSSES IN ASSOCIATED COMPANIES		10,371
		6,229,941
INTEREST RECEIVABLE		346,690
INTEREST PAYABLE	3	(106,478)
		240,212
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	6,470,153
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	2,777,288
PROFIT FOR THE FINANCIAL YEAR		3,692,865
MINORITY INTERESTS		2,030,245
PROFIT ATTRIBUTABLE TO THE COMPANY	7	<u>1,662,620</u>

Consolidated Balance Sheet

Year ended 31 December 1987

	Notes	£	1987	£
FIXED ASSETS				
Intangible assets	8		100,000	
Tangible assets	9		10,774,610	
Investments - other	11		102,229	
			10,976,839	
CURRENT ASSETS				
Stock	12	63,610		
Debtors	13	636,565		
Cash at bank and in hand		3,523,626		
			4,223,801	
CREDITORS - Amounts falling due within one year	14	9,765,145		
			(5,541,344)	
NET CURRENT LIABILITIES				
			5,435,495	
TOTAL ASSETS LESS CURRENT LIABILITIES				
			1,864,509	
PROVISIONS FOR LIABILITIES AND CHARGES				
		1,907,366		
MINORITY INTERESTS				
			3,771,875	
			1,663,620	
CAPITAL AND RESERVES				
Called up share capital	16		1,000	
Reserves	7		1,662,620	
			1,663,620	

Approved by the board on 6th May, 1988

Brian Cummings
Simon Armstrong Directors

Balance Sheet

As at 31 December 1987

	Notes	£	1987 £
FIXED ASSETS			
Tangible assets	9		53,059
Investments:			
Investment in subsidiaries	10		210,830
			<u>263,889</u>
CURRENT ASSETS			
Debtors	13	545,270	
Cash at bank and in hand		1,262,973	
		<u>1,808,243</u>	
CREDITORS - Amounts falling due within one year	14	1,828,711	
NET CURRENT LIABILITIES			<u>(20,468)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>243,421</u>
CAPITAL AND RESERVES			
Called up share capital	16		1,000
Reserves	7		242,421
			<u>243,421</u>

Approved by the board on 6th May 1988

Brian Cummings
Simon Armstrong Directors

Consolidated Statement of Source and Application of Funds

Year ended 31 December 1987

	1987	
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities before taxation		6,470,153
Adjustment for items not involving the movement of funds:		
Depreciation and amortisation	25,927	
Share of losses in associated companies	10,371	
		36,298
FUNDS GENERATED FROM OPERATIONS		6,506,451
FUNDS FROM OTHER SOURCES		
Loans	2,230,034	
Issue of shares - Stanley Fisheries Limited	1,000	
- Subsidiaries	202,370	
		2,433,404
		8,939,855
APPLICATION OF FUNDS		
Investments	112,600	
Purchase of tangible assets	10,800,537	
Purchase of intangible fixed assets	100,000	
Dividends paid to minority interests	325,249	
		11,338,386
		<u>(2,398,531)</u>
DECREASE IN WORKING CAPITAL		
Stock		63,610
Debtors		636,565
Creditors		(6,396,410)
		(5,696,235)
Movement in net liquid funds: Bank balances and cash		3,297,704
		<u>(2,398,531)</u>

Notes and Accounting Policies

Year ended 31 December 1987

1. ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Stanley Fisheries Limited and its subsidiaries to 31 December 1987. No profit and loss account is presented for Stanley Fisheries Limited as provided by Section 149(5) of the Companies Act 1948.

(b) Group turnover

Group turnover represents fees received from Joint Venture partners and sales made by trading activities.

(c) Tangible fixed assets and depreciation

Tangible assets other than freehold land are depreciated by equal annual instalments over their estimated useful lives:

Freehold buildings	4%
Plant and machinery	
Fixtures and fittings	25%
Motor vehicles	25%
Vessels	15%

(d) Stock

Stock is stated at the lower of cost and net realisable value.

Cost comprises the direct cost of production and the attributable proportion of all overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Book profit on movements of stock between members of the group has been excluded from the consolidated accounts.

(e) Deferred taxation

Provision is made for deferred tax, using the liability method, at the rate of company tax ruling at the year-end except where there is a reasonable probability that such taxation will not become payable.

(f) Research and development

Research and development expenditure is charged to revenue in the period in which it is incurred.

2. **TURNOVER AND GROUP PROFIT**

Turnover and group profit on ordinary activities before taxation were contributed as follows:

	Turnover 1987 £	Group Profit 1987 £
Area of activity		
Joint venture fees	7,318,628	6,693,367
Trading activities	195,115	(223,214)
	<u>7,513,743</u>	<u>6,470,153</u>

3. **INTEREST PAYABLE**

		1987 £
Bank loans and overdrafts		53,980
Other loans wholly repayable within five years		52,498
		<u>106,478</u>

4. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is after charging:

		1987 £
Directors emoluments:		
Salaries		35,545
Auditor's remuneration		18,325
Depreciation and amortisation written off tangible and intangible fixed assets		25,927

5. **DIRECTORS' EMOLUMENTS**

		1987 £
Directors of parent company:		
Fees		35,545
Emoluments excluding pension contributions:		
Chairman		—
Highest paid director		20,709
Range of all directors' emoluments	Number	
£15,001 - £20,000	1	
£20,001 - £25,000	1	

6. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

		1987 £
Company tax on the profit for the year at 35%		1,025,682
Company tax on the profit for the year at 45%		165,327
		1,191,009
Adjustment in respect of taxation recoverable from tax credits on dividends receivable		(278,230)
Deferred taxation		1,864,509
		<u>2,777,288</u>

Provisions for taxation take no account of any relief which may be granted in respect of applications for relief made under The Taxes and Duties (Special Exemption) Ordinance 1987.

7. **RETAINED PROFIT FOR YEAR**

		1987 £
Retained by the company		242,241
Retained by subsidiaries		1,420,379
		<u>1,662,620</u>

Notes and Accounting Policies (continued)

Year ended 31 December 1987

8. FIXED ASSETS - INTANGIBLE

1987
£

Goodwill

At cost at 31 December 1987

100,000

Purchased goodwill represents the acquisition of a trade. No provision has been made for amortisation in 1987 as the trade was only acquired late in the year.

9. FIXED ASSETS - TANGIBLE GROUP

	Land and Buildings £	Fisheries Vessels £	Plant, Equipment Vehicles and Fixtures £	Assets in the course Construction £	Total £
Purchases during the Year ended 31 December 1987	350,757	5,805,610	309,107	4,335,063	10,800,537
Depreciation Charge for 1987	1,227	3,503	21,197	—	25,927
Net book amounts At 31 December 1987	<u>349,530</u>	<u>5,802,107</u>	<u>287,910</u>	<u>4,335,063</u>	10,774,610

CAPITAL COMMITMENTS

Contracts not provided for in the accounts

6,993,970

COMPANY

	Land and Buildings £	Fixtures and Fittings £	Motor Vehicles own use Assets £	Motor Vehicles Project Assets £	Total £
Purchases during the Year ended 31 December 1987	<u>25,381</u>	<u>18,754</u>	<u>14,845</u>	<u>3,524</u>	62,504
Depreciation Charge for 1987	1,011	4,689	3,745	—	9,445
Net book amounts At 31 December 1987	<u>24,370</u>	<u>14,065</u>	<u>11,100</u>	<u>3,524</u>	<u>53,059</u>

10. FIXED ASSETS - INVESTMENT IN SUBSIDIARIES

1987
£

Ordinary shares at cost

210,830

Investments in ordinary shares at 31 December 1987.

A.G.S. Fisheries Limited	51%	Australis Fisheries Limited	51%
Clipper (Falklands) Limited	51%	Falconview Fisheries Limited	51%
Falkland Seafoods Limited	51%	Falkspan Limited	51%
Harbour Developments Limited	100%	Housing Corporation Limited	100%
S.D.S. Fishing Limited	100%	Seamount Limited	51%
S.J. Fisheries Limited	100%	S.N.Z. Fisheries Limited	51%
Stancel Limited	51%	Stanco Limited	51%
Stancross Limited	51%	Standal Limited	100%
Stankor Limited	51%	Stanley Fuels Limited	51%
Stanmarr Limited	51%	Starfish Limited	51%
Sullivan Shipping Services Limited	51%	S.W.B. Fishing Limited	51%
S.W.B. Hotels Limited	51%		

All of the above companies are registered and incorporated in the Falkland Islands.

Year ended 31 December 1987

	Investment made during period	Share of losses Associated company for period to 31 December 1987	At 31 December 1987
	£	£	£
11. FIXED ASSETS - INVESTMENTS			
Unlisted, investments, at cost	112,600	(10,371)	102,229

This represents 23% of the issued share capital of Stanley Services Limited, a company registered and incorporated in the Falkland Islands.

12. STOCK

	Group 1987	Company 1987
	£	£
Raw materials	38,600	—
Finished goods and goods for resale	25,010	—
	<u>63,610</u>	<u>—</u>

13. DEBTORS

Trade debtors	336,107	13,209
Amounts due by subsidiaries	—	364,692
Other debtors:		
Tax recoverable	163,965	163,965
Other	81,841	2,466
Prepayments and accrued income	54,652	938
	<u>636,565</u>	<u>545,270</u>

14. CREDITORS

Amounts falling due within one year:		
Bank overdraft	225,922	224,733
Bank loans	3,500,034	—
Trade creditors	4,671,780	237,726
Amounts due to subsidiaries	—	1,111,172
Other creditors:		
Taxation	1,076,744	—
Other	242,761	230,200
Accruals and deferred income	47,904	24,880
	<u>9,765,145</u>	<u>1,828,711</u>

Year ended 31 December 1987

	Group £	Company £
15. PROVISIONS FOR LIABILITIES AND CHARGES		
DEFERRED TAXATION		
Charged to profit and loss account in year Year ended 31 December 1987	<u>1,864,509</u>	<u>—</u>
Deferred taxation has been fully provided in respect of:		
Accelerated capital allowances		<u>1,864,509</u>
16. SHARE CAPITAL		
	Authorised £	Allotted and fully paid £
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000</u>

17. CONTINGENT LIABILITY

There is a contingent liability in respect of a bank guarantee amounting to £2,800,000, in respect of a bridging loan to a subsidiary company.

Falkland Islands Development Corporation, Stanley, Falkland Islands. Telephone: Stanley 2211. Telex: Falkland Islands 2423 FIGSEC FK

Falkland Islands Government Office, 29 Tufton Street, London SW1P 2QL. Telephone: 01-222 2542. Telex: 8950476

Stanley Fisheries Limited, Old Transmitting Station, Stanley, Falkland Islands. Telephone: Stanley 2607. Telex: Falkland Islands 2427 STANFISH. Facsimile: Falkland Islands 2606