

Register

Farne Salmon and Trout Limited

Report and Financial statements

30 June 2004

Company No: SC076613

ERNST & YOUNG



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Directors

E P G Boin (Chairman)
C J Burke
P Cassidy
S Billet

Secretary

J R Smith

Registered office

Station Road Industrial Estate
Duns
Berwickshire
TD11 3HS

Solicitors

Burness
Festival Square
50 Lothian Road
Edinburgh
EH3 9WJ

Auditors

Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

Directors' report

The directors present their report and financial statements for the period ended 30 June 2004.

Principal activity, review of the business and future developments

The company's principal activity continues to be that of the processing of salmon and trout for both the wholesale and retail markets.

On 27 February 2004, the company was acquired by Financière De Kiel SAS and the refinancing of the company was completed.

Results and dividends

The loss for the period, after taxation, amounted to £878,000 (year ended 31 March 2003: loss £849,000).

Fixed assets

The movements in tangible fixed assets during the period are set out in note 9 to the financial statements.

Directors

The directors at 30 June 2004 and their beneficial interests in the company's issued ordinary share capital, were as follows:

	<i>Number of ordinary shares</i>	
	<i>30 June 2004</i>	<i>31 March 2003</i>
E P G Boin (Chairman)	Nil	Nil
C J Burke	Nil	Nil
P Cassidy	Nil	Nil
S Billet	Nil	Nil

Mr R K Jeha resigned on 18 July 2003, Mr J J van Leeuwen resigned on 22 July 2003, Mr B H Gardner resigned on 27 February 2004. Mr E P G Boin was appointed as Chairman and as a Director on 27 February 2004.

None of the Directors hold any shares in the ultimate parent undertaking.

Disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by such individuals.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever applicable.

Employee Involvement

Employees are provided with information about the company at regular meetings of the body which represents all employees.

Directors' report

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



Secretary

24 September 2004

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Farne Salmon and Trout Limited

We have audited the company's financial statements for the period ended 30 June 2004 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

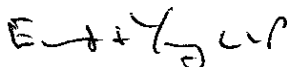
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 30 June 2004 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP'.

Ernst & Young LLP
Registered Auditor
Edinburgh

A handwritten signature in black ink, followed by the date '24 September 2004'.

Profit and loss account

for the period ended 30 June 2004

		<i>15 month period ended 30 June 2004 £000</i>	<i>Year ended 31 March 2003 £000</i>
	<i>Notes</i>		
Turnover	2	30,450	22,030
Cost of sales		28,071	20,407
Gross profit		<u>2,379</u>	<u>1,623</u>
Sales and distribution costs		1,760	1,302
Administrative expenses		933	842
Operating loss	3	<u>(314)</u>	<u>(521)</u>
Interest receivable	5	-	(1)
Interest payable	6	564	329
Loss on ordinary activities before tax		<u>(878)</u>	<u>(849)</u>
Tax on loss on ordinary activities	7	-	-
Loss for the financial period		<u>(878)</u>	<u>(849)</u>

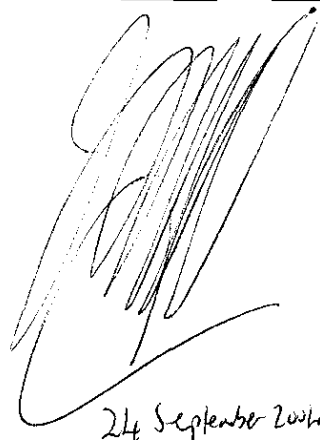
There were no recognised gains or losses other than those included in the profit and loss account.

Balance sheet

at 30 June 2004

	Notes	2004 £000	31 March 2003 £000
Fixed assets			
Tangible assets	8	6,210	5,888
Investments	9	-	-
		<u>6,210</u>	<u>5,888</u>
Current assets			
Stocks	10	2,403	1,832
Debtors	11	2,700	2,492
Cash at bank and in hand		-	44
		<u>5,103</u>	<u>4,368</u>
Creditors: amounts falling due within one year	12	4,168	5,454
		<u>935</u>	<u>(1,086)</u>
Net current assets/ (liabilities)			
Total assets less current liabilities		<u>7,145</u>	<u>4,802</u>
Creditors: amounts falling due after more than one year	13	2,007	6,029
Deferred income			
Deferred government grants	15	121	188
		<u>5,017</u>	<u>(1,415)</u>
Net assets/ (deficiency of assets)			
Capital and reserves			
Called up share capital	16	7,399	89
Share premium account	17	153	153
Profit and loss account	17	(2,535)	(1,657)
		<u>5,017</u>	<u>(1,415)</u>
Shareholders' funds - equity	18		

Director



24 September 2004

Notes to the financial statements

at 30 June 2004

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

This represents the invoiced amounts of goods sold and services supplied by the company, net of Value Added Tax and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Provision is made for depreciation on all tangible fixed assets, at rates calculated to write off the cost or valuation, less their estimated residual value, over their expected useful lives on the following bases:

Heritable property	-	4% reducing balance
Office equipment	-	30% straight line basis
Plant and machinery	-	15% straight line basis
Motor vehicles	-	25% to 33% reducing balance basis

Where tangible fixed assets were purchased during the period, depreciation has been computed on the basis stated above, but the provision has been restricted to that proportion of the period for which the asset was used by the company.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. Cost includes all direct costs together with attributable variable overheads based on normal production levels.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in a obligation to pay more, or a right to pay less or to receive more, tax with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Leasing and hire purchase

Assets obtained under finance leases and hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Notes to the financial statements

at 30 June 2004

1. Accounting policies

(continued)

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. All exchange differences are taken into account in arriving at the operating profit.

Government grants

Grants related to expenditure on tangible fixed assets are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

2. Turnover

Turnover is attributable to one continuing activity, the sale of processed fish.

	2004 £000	2003 £000
Sale of processed fish in the UK and mainland Europe	30,450	22,030

3. Operating loss

	2004 £000	2003 £000
This is stated after charging/(crediting):		
Directors' emoluments (note 4)	328	299
Auditors' remuneration - as auditors	22	24
- other services	6	6
Depreciation of tangible fixed assets		
- owned by the company	1,005	743
- held under finance leases and hire purchase contracts	137	195
Operating lease rentals - plant and machinery	28	23
- vehicles	37	56
Government grants released	(118)	(123)

Notes to the financial statements

at 30 June 2004

4. Employee information

Staff costs, including directors' remuneration, were as follows:

	2004	2003
	£000	£000
Wages and salaries	8,183	6,160
Social security costs	666	300
Other pension costs	64	54
	<u>8,913</u>	<u>6,514</u>

The average number of persons employed by the company during the period, including directors, was made up as follows:

	2004	2003
	No.	No.
Administration	9	9
Marketing	4	4
Quality control	22	22
Production	433	447
	<u>468</u>	<u>482</u>
Directors' emoluments		

	2004	2003
	£000	£000
Emoluments	300	273
Company contributions to money purchase pension scheme	28	26
Compensation for loss of office	-	64
	<u>328</u>	<u>363</u>

Three directors have benefits accruing to them under a money purchase pension scheme.

The amounts in respect of the highest paid director are as follows:

	2004	2003
	£	£
Emoluments	112,500	82,036
Company contributions to money purchase schemes	<u>11,250</u>	<u>8,100</u>

Notes to the financial statements

at 30 June 2004

5. Interest receivable

	2004 £000	2003 £000
Bank interest	-	1

6. Interest payable

	2004 £000	2003 £000
Finance leases and hire purchase contracts	234	91
Bank loans and overdrafts	58	24
Other interest	272	214
	<u>564</u>	<u>329</u>

7. Tax on loss on ordinary activities

	2004 £000	2003 £000
UK corporation tax	-	-
Deferred taxation - current year	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the period

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:-

	2004 £000	2003 £000
Loss on ordinary activities before tax	(878)	(849)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30.00%)	(263)	(255)
Effect of:		
Disallowed expenses and non-taxable income	10	6
Depreciation in excess of capital allowances	228	166
Short term timing differences	(38)	(40)
Tax losses brought forward	63	123

Factors that may affect future tax charges

Deferred tax assets of £2,611,000 (2003: 2,354,000) primarily consisting of tax losses carried forward and capital allowances, have not been recognised as there is insufficient evidence as to their recoverability in the foreseeable future. The assets are recoverable against future taxable trading profits.

No deferred tax is recognised in respect of the capital losses carried forward at 30 June 2004. The amount of deferred tax not recognised is £1,000 (2003: £1,000). The capital losses may be offset against future capital gains of the company.

Notes to the financial statements

at 30 June 2004

8. Tangible fixed assets

	<i>Freehold buildings</i>	<i>Plant and machinery</i>	<i>Total</i>
Cost:	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 March 2003	5,345	11,609	16,954
Additions	-	1,464	1,464
Disposals	-	-	-
At 30 June 2004	5,345	13,073	18,418
Depreciation:			
At 31 March 2003	2,169	8,897	11,066
Charge for period	157	985	1,142
Disposals	-	-	-
At 30 June 2004	2,326	9,882	12,208
Net book value			
At 30 June 2004	3,019	3,191	6,210
At 31 March 2003	3,176	2,712	5,888

The net book value of plant and machinery etc includes assets held under finance leases or hire purchase contracts amounting to £Nil (2003: £842,725).

9. Investments

Details of the investment are as follows:

<i>Name of company</i>	<i>Description of shares held</i>	<i>Proportion of voting rights and shares held</i>	
		<i>2004</i>	<i>2003</i>
Thomas Ballantyne Salmon Limited	Ordinary shares of £1 each	100%	100%

The above company is incorporated in Scotland and does not trade.

10. Stocks

	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	959	547
Work in progress	437	298
Finished goods and goods for resale	1,007	987
	2,403	1,832

Notes to the financial statements

at 30 June 2004

11. Debtors

	2004	2003
	£000	£000
Due within one year:		
Trade debtors	2,245	1,883
Value added tax repayments due	156	51
Other debtors	1	7
Prepayments	298	551
	<u>2,700</u>	<u>2,492</u>

12. Creditors: amounts falling due within one year

	2004	2003
	£000	£000
Bank overdraft	56	-
Obligations under finance leases and hire purchase contracts (secured) (see note 14)	-	337
Trade creditors	2,193	2,817
Other taxes and social security costs	344	525
Accruals	374	631
Other creditors	-	1,144
Amounts owed to group companies	1,201	-
	<u>4,168</u>	<u>5,454</u>

13. Creditors: amounts falling due after more than one year

	2004	2003
	£000	£000
Obligations under finance leases and hire purchase contracts (secured)	-	401
Amounts owed to parent undertaking	1,050	1,005
Amounts owed to group companies	957	4,623
	<u>2,007</u>	<u>6,029</u>

Amounts due under finance leases and hire purchase contracts:

	2004	2003
	£000	£000
Amounts payable:		
Within one year (note 13)	-	337
In two to five years	-	401
	<u>-</u>	<u>738</u>

Notes to the financial statements

at 30 June 2004

14. Provisions for liabilities and charges

Deferred taxation provided in the financial statements is as follows:

	2004 £000	2003 £000
Accelerated capital allowances	-	-
Other timing differences	-	-
	<u>-</u>	<u>-</u>

15. Government grants

	2004 £000	2003 £000
At 31 March 2003	188	352
Grants received in the period	54	-
Released to profit and loss account	(121)	(164)
At 30 June 2004	<u>121</u>	<u>188</u>

16. Called up share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2004 <i>No.</i>	2003 <i>No.</i>	2004 £000	2003 £000
Ordinary shares of £1 each	7,748,817	135,000	7,399	89

During the period the company increased its authorised share capital from 135,000 to 7,748,817 and issued at par £4,660,000 ordinary shares on 28 February 2004 and £2,650,000 ordinary shares on 29 June 2004.

17. Reserves

	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000
Balance at 31 March 2003	153	(1,657)
Loss incurred in the period	-	(878)
Balance at 30 June 2004	<u>153</u>	<u>(2,535)</u>

18. Reconciliation of movements on shareholders' funds

	2004 £000	2003 £000
Shareholders' funds at 31 March 2003	(1,415)	(566)
Shares issued in the period	7,310	-
(Loss)/profit for the year	(878)	(849)
Shareholders' funds at 30 June 2004	<u>5,017</u>	<u>(1,415)</u>

Notes to the financial statements

at 30 June 2004

19. Commitments and contingent liabilities

Pension commitments

The company operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the group in independently administered funds.

Other financial commitments

The annual commitment under non-cancellable operating leases is as follows:

	<i>Plant and machinery</i>	
	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>
Lease expiring:		
within one year	25	27
within two to five years	16	65
	<u>41</u>	<u>92</u>

20. Parent undertaking

The directors regard Industri Kapital, a company registered in France, as the ultimate parent undertaking.

The parent undertaking of the smallest and largest groups of which the company is a member and for which group financial statements are prepared is Financière De Kiel SAS, a company registered in France.