

Company Registration Number SC076613

FARNE SALMON & TROUT LIMITED

Report and Financial Statements

30 June 2011

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FARNE SALMON & TROUT LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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FARNE SALMON & TROUT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Duncanson
G Zoltie
C Walker (Chairman)

SECRETARY

J R Smith

REGISTERED OFFICE

Station Road Industrial Estate
Duns
Berwickshire
TD11 3HS

BANKERS

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

SOLICITORS

Dundas and Wilson CS LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

AUDITOR

Deloitte LLP
Bristol

FARNE SALMON & TROUT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2011.

PRINCIPAL ACTIVITY

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Unfortunately the directors are reporting a decline in the financial results due to significant increases in raw material prices and the difficult economic situation encountered in the UK and beyond. The operating loss in the year was £1,317,000 (2010: profit of £683,000) after depreciation of £1,736,000 (2010: £1,614,000), a reduction in operating profit before depreciation of £1,878,000 (2010: £1,558,000). Farne Salmon & Trout Limited has made a loss after tax in the financial year ended 30 June 2011 of £1,080,000 (2010: profit of £593,000). Results are set out further in the profit and loss account.

The company believes that its operations are sufficiently straightforward that the KPIs that can be derived from these accounts are sufficient to gain an understanding of the business performance in the year.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The company operates a credit insurance scheme and constant business monitoring to minimise its exposure to non insured risks.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group uses foreign exchange forward contracts to hedge these exposures where appropriate and the company benefits from those contracts without taking them out directly itself.

Interest-bearing assets and liabilities are held at a fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet is net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company operates a credit insurance scheme and constant business monitoring to minimise its exposure to non-insured risks.

Price risk

The company is exposed to commodity price risk. The company manages its exposure to commodity price risk by entering into commodity supply contracts at levels deemed appropriate by the management.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on the forecast trading performance for the next financial year and extrapolated assumptions for the subsequent six months. The company currently has no debt financing and is forecast not to require any new facilities in the forthcoming year. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

FARNE SALMON & TROUT LIMITED

DIRECTORS' REPORT (continued)

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS (continued)

Employees

The company's policy is to consult and discuss with employees, through unions and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

DIVIDENDS

The directors have not declared a dividend (2010: £nil).

DIRECTORS

The present membership of the Board is set out on page 1. The directors during the year and subsequently were as follows:

O E Norgaard * (resigned 31 October 2011)
W Duncanson
G Zoltie
B Chung (appointed 25 October 2010, resigned 3 November 2011)
C Walker * (appointed 31 October 2011)

* Chairman

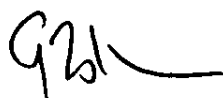
AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



G Zoltie
Director

FARNE SALMON & TROUT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF FARNE SALMON & TROUT LIMITED

We have audited the financial statements of Farne Salmon & Trout Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Hedditch

**David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP**
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

29 November 2011

FARNE SALMON & TROUT LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2011

	Note	2011 £'000	2010 £'000
TURNOVER	1	55,046	52,345
Cost of sales		(53,187)	(49,118)
GROSS PROFIT		1,859	3,227
Administrative expenses		(3,176)	(2,544)
OPERATING (LOSS)/PROFIT	4	(1,317)	683
Interest (payable)/receivable	5	(71)	15
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,388)	698
Tax credit/(charge) on (loss)/profit on ordinary activities	6	308	(105)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	12	(1,080)	593

All results derive from continuing activities.

There are no recognised gains or losses for the current or preceding year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

FARNE SALMON & TROUT LIMITED

BALANCE SHEET

At 30 June 2011

	Note	2011		2010	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	7		8,541		7,626
CURRENT ASSETS					
Stocks	8	2,636		2,256	
Debtors	9	6,817		6,794	
Cash at bank and in hand		4,821		3,396	
		14,274		12,446	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(12,686)		(8,863)	
NET CURRENT ASSETS			1,588		3,583
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			10,129		11,209
CAPITAL AND RESERVES					
Called up share capital	11		7,599		7,599
Share premium account	12		153		153
Profit and loss account	12		2,377		3,457
SHAREHOLDERS' FUNDS	12		10,129		11,209

The financial statements of Farne Salmon & Trout Limited, registered number SC076613, were approved by the Board of Directors and authorised for issue on 28 November 2011

Signed on behalf of the Board of Directors



G Zoltie
Director

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements are prepared on a going concern basis. Please see the Directors' Report.

Revenue recognition

Revenue is recognised when goods are despatched to customers on the basis that this is the point at which the risks and rewards of ownership transfer.

Tangible fixed assets

Depreciation is provided on cost over the estimated lives of the assets. The rates of depreciation are as follows:

Buildings	4% reducing balance basis
Plant and machinery	15% to 30% straight-line basis

No depreciation is charged against land.

Assets under construction are not depreciated until they are brought into use at which point they are transferred into the relevant fixed asset class above.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19 deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they fall due.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Share-based payments

The company participated in the Alfesca hf group performance-related share-based incentive arrangement for executive directors and senior employees of the group which expired in the previous year. The benefit received by the Farne Salmon & Trout Limited employees was expensed over the period of the incentive arrangements. Where the performance measure was assessed over a period in excess of one year, the fair value of the related share-based incentive was estimated and spread over the period. Where the performance measure was assessed over a financial period of less, the fair value of the share-based incentives earned was expensed in the year.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking has included the company in its own published consolidated financial statements.

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

2. TURNOVER

Analysis of class of business and geographical location by turnover is stated below:

	2011 £'000	2010 £'000
Europe	<u>55,046</u>	<u>52,345</u>

Turnover represents the invoiced amount of goods sold stated net of value added tax. All turnover is attributable to the principal activity of the company and arose from operations in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments:	2011 £'000	2010 £'000
Emoluments	303	222
Pension contributions	25	16
	<u>328</u>	<u>238</u>

Ole Norgaard is remunerated by Lyons Seafoods Limited, a sister company, and it is not practicable to allocate his remuneration between the entities.

Remuneration of the highest paid director:	£'000	£'000
Emoluments	134	142
Pension contributions	11	11
	<u>145</u>	<u>153</u>

	£'000	£'000
Contributions to defined contribution pension schemes on behalf of the directors	<u>25</u>	<u>16</u>

	No.	No.
The number of directors who were members of a defined contribution pension scheme during the year	<u>3</u>	<u>4</u>

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2011

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2011	2010
	£'000	£'000
Employee costs during the year (excluding directors):		
Wages and salaries	10,271	9,097
Social security costs	920	810
Other pension costs	97	100
	<u>11,288</u>	<u>10,007</u>
 Average number of persons employed:	 No.	 No.
Production	482	421
Administration	28	25
Marketing	5	5
Quality control	31	34
	<u>546</u>	<u>485</u>

4. OPERATING (LOSS)/PROFIT

	2010	2010
	£'000	£'000
Operating (loss)/profit is after charging/(crediting):		
Depreciation and other amounts written off tangible fixed assets - own assets	1,736	1,614
Auditor's remuneration:		
- audit	28	28
- other services - interim review	5	5
Exchange (gain)/loss due to foreign exchange	(175)	116
Grant amortisation	(96)	(111)
	<u></u>	<u></u>

5. INTEREST (PAYABLE)/RECEIVABLE

	2011	2010
	£'000	£'000
Bank interest	<u>(71)</u>	<u>15</u>

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 30 June 2011**

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax for period	(104)	105
Group relief surrendered	(208)	-
Adjustment in respect of prior periods	4	-
Taxation on (loss)/profit on ordinary activities	(308)	105
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(1,388)	698
	£'000	£'000
Tax on (loss)/profit on ordinary activities at standard rate in the UK of 27.50% (2010: 28%)	(382)	195
Factors affecting the charge:		
Expenses not deductible for tax purposes	44	4
Difference between capital allowances and depreciation	53	(5)
Tax losses utilised	-	(21)
Movement in short-term timing differences	-	1
Effect of change to tax rate	(1)	-
Adjustment in respect of prior period	4	-
Capital grant release	(26)	(31)
Share scheme deduction	-	(38)
UK corporation tax (credit)/charge for the year	(308)	105

Factors that may affect future tax charges

The company is not aware of any factors that will materially affect the future tax charge apart from the proposed, phased reduction in income tax rates to 24% by 2015.

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2011

7. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost				
At 28 June 2010	3,946	16,256	-	20,202
Additions	-	1,447	1,211	2,658
Disposals	-	(863)	-	(863)
At 30 June 2011	<u>3,946</u>	<u>16,840</u>	<u>1,211</u>	<u>21,997</u>
Accumulated depreciation				
At 28 June 2010	1,531	11,045	-	12,576
Charge for year	93	1,643	-	1,736
Disposals	-	(856)	-	(856)
At 30 June 2011	<u>1,624</u>	<u>11,832</u>	<u>-</u>	<u>13,456</u>
Net book value				
At 30 June 2011	<u>2,322</u>	<u>5,008</u>	<u>1,211</u>	<u>8,541</u>
At 27 June 2010	<u>2,415</u>	<u>5,211</u>	<u>-</u>	<u>7,626</u>

Included within land and buildings is land at cost of £82,150 (2010: £82,150) that is not being depreciated.

8. STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	1,374	1,237
Work in progress	573	390
Finished goods	689	629
	<u>2,636</u>	<u>2,256</u>

9. DEBTORS

	2011 £'000	2010 £'000
Trade debtors	5,647	6,112
Amounts owed by group undertakings	285	-
Other taxes and social security	151	130
Prepayments and accrued income	421	289
Intercompany group relief	313	263
	<u>6,817</u>	<u>6,794</u>

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2011 £'000	2010 £'000		
	Trade creditors	4,014	3,177		
	Amounts owed to group undertakings	6,093	3,356		
	Other taxes and social security	231	205		
	Accruals	2,296	2,008		
	Government grants	52	117		
		<u>12,686</u>	<u>8,863</u>		
11.	CALLED UP SHARE CAPITAL	2011 No.	2010 No.		
	Allotted, called up and fully paid Ordinary shares of £1 each	<u>7,599,000</u>	<u>7,599,000</u>		
12.	COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT IN RESERVES				
		Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
	At 28 June 2010	7,599	153	3,457	11,209
	Loss for the financial period	-	-	(1,080)	(1,080)
	At 30 June 2011	<u>7,599</u>	<u>153</u>	<u>2,377</u>	<u>10,129</u>
13.	PENSION SCHEMES				

The group operates a defined contribution pension scheme for all qualified employees. The assets of the scheme are held in separate trustee administered funds. Contributions made during the year amounted to £121,788 (2010: £116,052). £12,412 (2010: £12,392) is included in creditors, in respect of unpaid contributions.

FARNE SALMON & TROUT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

14. FINANCIAL COMMITMENTS

	2011	2010
	£'000	£'000
Contracted for but not provided	<u>553,342</u>	<u>439,750</u>

15. TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties other than those 100% owned by the company's ultimate parent, which the company is exempt from disclosing.

16. ULTIMATE PARENT COMPANY UNDERTAKING

The immediate parent company is Financiere De Kiel SAS. The parent undertaking of the smallest and largest group which includes the company, and for which the group financial statements are prepared, is Alfesca hf. Copies of the group financial statements of Alfesca hf are available from Station Road Industrial Estate, Duns, Berwickshire. TD11 3HS.