Registration number SC076613

Farne Salmon & Trout Limited

Annual report and financial statements

for the period ended 27 June 2015

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Farne Salmon & Trout Limited

Company information

Directors	P D Succony D C Bones J C Walker
Secretary	J R Smith
Company number	SC076613
Registered office	Station Road Duns Berwickshire TD11 3HS
Auditors	Constantin 25 Hosier Lane London EC1A 9LQ

Farne Salmon & Trout Limited

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Farne Salmon & Trout Limited

Strategic report
for the period ended 27 June 2015

Introduction

The directors present their strategic report for the year ended 27 June 2015.

This strategic report has been prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed.

The strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

The directors in preparing this strategic report, have complied with S414C of the Companies Act 2006.

Principal activity of the business

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

Business review and future developments

The Directors are pleased to report an improving result. The Company made an operating profit in the period of £2,735 k (2014: £2,560 k) after depreciation and amortisation of £1,926 k (2014: £2,154 k). The Company made a profit after tax in the financial period ended 28 June 2015 of £1,931 k (2014: £1,604 k). Results are set out further in the profit and loss account.

The continued investment in production facilities continue to provide a firm base from which the business is expected to continue to grow.

Principal risks and uncertainties

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 risk.

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 flow.

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.

Key performance indicators

	2015	2014
Financials	£'000	£'000
Earnings before, interest, tax, depreciation and amortisation	5,063	5,085
Net trading capital (trade debtors + stock - trade creditors)	1,349	2,065
Return on capital employed	5.9%	5.8%

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 period.

This report was approved by the Board on .....27/10/15..... and signed on its behalf by

.....

D C Bones
Director

Farne Salmon & Trout Limited

Directors' report
for the period ended 27 June 2015

The directors present their report and the financial statements for the 52 weeks ended 27 June 2015.

Disclosure in the strategic report

The following details are disclosed within the strategic report:

- a review of the business and future developments; and
- the Company's financial risk management objectives and policies; and
- the Company's key performance indicators.

Employees

The Company's policy is to consult and discuss with employees, through 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 (2014: £nil).

Directors

The directors who served during the period are as stated below:

D C Bones
A M Wycherley (Resigned 31/12/2014)
J C Walker
P D Succony

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Farne Salmon & Trout Limited

Directors' report
for the period ended 27 June 2015

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

- select suitable accounting policies and apply them consistently;
- make judgements and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:
- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Auditors
Constantin are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 27/10/15 and signed on its behalf by

D C Bones
Director

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 period ended 27 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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 explained more fully in the Directors' Report set out on page 3 - 4, 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 (APB'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 strategic report and the report of the directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 27 June 2015 and of its profit 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 strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of
Farne Salmon & Trout Limited

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.



.....

Peter Smith FCA (Senior Statutory Auditor)
For and on behalf of Constantin, Statutory Auditor

25 Hosier Lane
London
EC1A 9LQ

Date 27 October 2015.

Profit and loss account
for the period ended 27 June 2015

	Notes	Continuing operations 52 week period ended 27/06/15 £'000	 52 week period ended 28/06/14 £'000
Turnover	2	78,675	73,424
Cost of sales		(69,371)	(65,375)
Gross profit		9,304	8,049
Administrative expenses		(6,507)	(5,465)
Restructuring costs		(69)	(46)
Other operating income		7	22
Operating profit	3	2,735	2,560
Other interest receivable and similar income	5	11	15
Interest payable and similar charges	6	(227)	(367)
Profit on ordinary activities before taxation		2,519	2,208
Tax on profit on ordinary activities	8	(588)	(604)
Profit for the period	18	1,931	1,604

There are no recognised gains or losses other than the profit or loss for the above two financial periods.

The notes on pages 10 to 20 form an integral part of these financial statements.

Farne Salmon & Trout Limited

Balance sheet
as at 27 June 2015

	Notes	27/06/15 £'000	27/06/15 £'000	28/06/14 £'000	28/06/14 £'000
Fixed assets					
Intangible assets	**10**		941		866
Tangible assets	**11**		11,938		8,607
			12,879		9,473
Current assets					
Stocks	**12**	3,292		3,587	
Debtors	**13**	10,929		9,591	
Cash at bank and in hand		5,686		5,098	
		19,907		18,276	
Creditors: amounts falling due within one year	**14**	(19,824)		(16,791)	
Net current assets			83		1,485
Total assets less current liabilities			12,962		10,958
Provisions for liabilities	**15**		(73)		-
Net assets			12,889		10,958
Capital and reserves					
Called up share capital	**17**		7,599		7,599
Share premium account	**18**		153		153
Profit and loss account	**18**		5,137		3,206
Shareholders' funds	**19**		12,889		10,958

These accounts were approved by the directors on 27/10/15 and are signed on their behalf by:

D C Bones
Director

Registration number SC076613

The notes on pages 10 to 20 form an integral part of these financial statements.

Cash flow statement
for the period ended 27 June 2015

	Notes	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		2,735	2,560
Depreciation		1,933	2,176
Decrease/(Increase) in stocks		295	(44)
(Increase) in debtors		(1,425)	(342)
Increase in creditors		3,212	1,591
Government grant released		(7)	(22)
Net cash inflow from operating activities		6,743	5,919
Cash flow statement			
Net cash inflow from operating activities		6,743	5,919
Returns on investments and servicing of finance	**24**	(216)	(352)
Taxation	**24**	(600)	(343)
Capital expenditure	**24**	(5,339)	(2,075)
Increase in cash in the period		588	3,149
Reconciliation of net cash flow to movement in net funds (Note 25)			
Increase in cash in the period		588	3,149
Net funds at 29 June 2014		5,098	1,949
Net funds at 27 June 2015		5,686	5,098

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

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.

1.3. Intangible fixed assets

Softwares and licences are valued at cost less accumulated amortisation. Amortisation is calculated to write off cost in equal installments over their estimated useful life of 3 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	4% reducing balance basis
Plant and machinery	-	15% to 30% straight-line basis
Fixtures, fittings and equipment	-	25% straight line

No depreciation is charged on land.

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

1.5. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Stocks

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

1.7. Pensions

The company operates a defined contribution pension scheme. The amount charged to the Profit and Loss Account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

1.8. Taxation

Current taxation, 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 subsequently enacted by the balance sheet date.

Deferred tax is recognised in respect of all material 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 an obligation to pay more, or a right to pay less or to receive more, tax.

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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.10. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. Turnover

	52 week period 28/06/15	52 week period 28/06/14
Geographical market		
European Union	75,379	69,802
Rest of the World	3,296	3,622
	78,675	73,424

3. Operating profit

	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	377	453
Depreciation and other amounts written off tangible assets	1,556	1,723
Net foreign exchange loss	276	177
Operating lease rentals		
- Land and buildings	34	23
- Motor vehicles	55	43
Auditors' remuneration (Note 4)	31	32
and after crediting:		
Government grants	7	22

4. Auditors' remuneration

	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Auditors' remuneration - audit of the financial statements	31	32

5. Interest receivable and similar income

	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Other interest	11	15

6. Interest payable and similar charges

	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
On amounts payable to group companies	227	367

7. Employees

Number of employees The average monthly numbers of employees (including the directors) during the period were:	52 week period 27/06/15	52 week period 28/06/14
Production	662	525
Administration	35	31
Marketing	5	5
Quality Control	35	28
	737	589

Employment costs	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Wages and salaries	13,020	11,879
Social security costs	1,285	958
Pension costs-other operating charge	235	141
	14,540	12,978

7.1. Directors' remuneration

	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Remuneration and other emoluments	269	406
Pension contributions	33	46
	302	452

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	3

Highest paid director Amounts included above:	£'000	£'000
Emoluments and other benefits	127	154

8. Tax on profit on ordinary activities

Analysis of charge in period	52 week period 27/06/15 £'000	52 week period 28/06/14 £'000
Current tax		
UK corporation tax	429	639
Adjustments in respect of previous periods	(1)	(9)
Total current tax charge	428	630
Deferred tax		
Timing differences, origination and reversal	160	(42)
Prior period adjustments	-	16
Total deferred tax	160	(26)
Tax on profit on ordinary activities	588	604

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (20.75 per cent). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	2,519	2,208
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (28 June 2014 : 22.50%)	523	497
Effects of:		
Expenses not deductible for tax purposes	72	95
Capital allowances for period in excess of depreciation	(170)	28
Adjustments to tax charge in respect of previous periods	(1)	(9)
Other short term timing differences	4	12
Effect of change to tax rates	-	7
Current tax charge for period	428	630

Factors that may affect future tax charges

The standard rate of tax for the period based on United Kingdom standard rate of corporation tax was 20.75% (2014: 22.50%). The company is not aware of any factors that will materially affect the future tax charge apart from the phased reduction in corporation tax rates to 20% by 2015 which has now been substantively enacted.

9. Pension costs

The company 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 period amounted to £235 k (2014 - £141 k). £41k (2014 - £77k) is included in creditors, in respect of unpaid contributions.

10. Intangible fixed assets

	Assets under construction £'000	Software licences £'000	Total £'000
Cost			
At 29 June 2014	428	1,731	2,159
Additions	319	133	452
Reclassification	(428)	428	-
At 27 June 2015	319	2,292	2,611
Amortisation			
At 29 June 2014	-	1,293	1,293
Charge for period	-	377	377
At 27 June 2015	-	1,670	1,670
Net book values			
At 27 June 2015	319	622	941
At 28 June 2014	428	438	866

11. Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Assets, under construction £'000	Fixtures fittings £'000	Total £'000
Cost					
At 29 June 2014	3,948	15,685	1,611	-	21,244
Additions	-	647	4,227	17	4,891
Reclassification	-	1,362	(1,362)	-	-
Disposals	-	(233)	-	-	(233)
At 27 June 2015	3,948	17,461	4,476	17	25,902
Depreciation					
At 29 June 2014	1,882	10,755	-	-	12,637
On disposals	-	(229)	-	-	(229)
Charge for the period	79	1,472	-	5	1,556
At 27 June 2015	1,961	11,998	-	5	13,964
Net book values					
At 27 June 2015	1,987	5,463	4,476	12	11,938
At 28 June 2014	2,066	4,930	1,611	-	8,607

Included with land and buildings is land at cost of £82,150 (2014: £82,150) that is not being depreciated.

12. Stocks

	27/06/15 £'000	28/06/14 £'000
Raw materials and consumables	1,637	2,550
Work in progress	1,461	890
Finished goods and goods for resale	194	147
	3,292	3,587

13. Debtors

	27/06/15 £'000	28/06/14 £'000
Trade debtors	10,576	7,876
Amounts owed by group undertakings	16	63
Other debtors	276	1,467
Prepayments and accrued income	61	98
Deferred tax (Note 16)	-	87
	10,929	9,591

14. Creditors: amounts falling due within one year

	27/06/15 £'000	28/06/14 £'000
Government grants	-	7
Trade creditors	8,630	6,465
Amounts owed to group undertaking	7,304	7,394
Corporation tax	176	348
Other taxes and social security costs	272	210
Other creditors	566	1,248
Accruals and deferred income	2,876	1,119
	19,824	16,791

15. Provisions for liabilities

	Deferred taxation (Note 16) £'000
At 29 June 2014	(87)
Origination and reversal of timing differences	160
At 27 June 2015	73

16. Provision for deferred taxation

	27/06/15 £'000	28/06/14 £'000
Accelerated capital allowances	90	(74)
Short term timing differences	(17)	(13)
Total deferred tax liability/(asset)	73	(87)

Provision at 29 June 2014	(87)
Deferred tax charge in profit and loss account	160
Provision at 27 June 2015	73

17. Share capital

	27/06/15 £'000	28/06/14 £'000
Allotted, called up and fully paid		
7,598,817 Ordinary shares of £1 each	7,599	7,599

18. Equity Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 29 June 2014	153	3,206	3,359
Profit for the period		1,931	1,931
At 27 June 2015	153	5,137	5,290

19. Reconciliation of movements in shareholders' funds

	27/06/15 £'000	28/06/14 £'000
Profit for the period	1,931	1,604
Opening shareholders' funds	10,958	9,354
Closing shareholders' funds	12,889	10,958

20. Financial commitments

At 27 June 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	27/06/15 £'000	28/06/14 £'000	27/06/15 £'000	28/06/14 £'000
Expiry date:				
Within one year	-	-	40	15
Between one and five years	34	23	45	19
	34	23	85	34

21. Capital commitments

	27/06/15 £'000	28/06/14 £'000
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	482	641

22. Related party transactions

In accordance with Financial Reporting Standard No.8, the company has taken advantage of the exemption for subsidiary undertakings, whose 100% of voting rights are controlled within a group, from the requirement to disclose related party transactions.

23. Ultimate parent undertaking

The company's immediate parent undertaking and controlling party is Labeyrie Fine Foods SAS. The company's ultimate parent company is LB PAI Holdco SAS, a company incorporated in France. The company has no ultimate controlling party.

The smallest group for which consolidated accounts are prepared and of which the company is a member is Labeyrie Fine Foods SAS, a company incorporated in France. The largest group for which consolidated accounts are prepared and of which the company is a member is Lilas France SAS, a company incorporated in France.

Consolidated accounts are not publicly available.

24. Gross cash flows

	27/06/15 £'000	28/06/14 £'000
Returns on investments and servicing of finance		
Interest received	11	15
Interest paid	(227)	(367)
	(216)	(352)
Taxation		
Corporation tax paid	(600)	(343)
Capital expenditure		
Payments to acquire intangible assets	(452)	(307)
Payments to acquire tangible assets	(4,891)	(1,768)
Receipts from sales of tangible assets	4	-
	(5,339)	(2,075)

25. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£'000	£'000	£'000
Cash at bank and in hand	5,098	588	5,686
Net funds	5,098	588	5,686