

Castle MacLellan Foods Limited
Annual report and financial statements
for the year ended 31 December 2012

Registered number SC077607

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Castle MacLellan Foods Limited
Annual report and financial statements
for the year ended 31 December 2012
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Castle MacLellan Foods Limited

Directors and advisers

Directors

P R Lewney Managing director
E Volden Chairman

Company secretary

L Hayes

Registered office

Riverside
Dee Walk
Kirkcudbright
Dumfries and Galloway
DG6 4DR

Bankers

DNB
20 St Dunstan's Hill
London
EC3R 8HY

Solicitors

Dickinson Dees	Eversheds
St Ann's Wharf	Bridgewater Place
112 Quayside	Water Lane
Newcastle upon Tyne	Leeds
NE99 1SB	LS11 5DR

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Castle MacLellan Foods Limited

Directors' report for the year ended 31 December 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2012.

Company number

Registered number SC077607

Principal activities and business review

The Kavli Trust (Kavlifondet) is the sole owner of Kavli Holding A/S which runs the commercial operations of the Scandinavian based Kavli food group. The objective of Kavli Holding A/S is to provide secure, long-term funding to the Kavli Trust so that it can continue to provide financial support to good causes. A proportion of the Kavli food group's profits are reinvested to strengthen and develop the group's operations, while the remainder is passed to the Kavli Trust to make charitable donations in line with its priorities and commitments, the key beneficiaries being humanitarian work and research as well as some cultural activities. All of the prior year profits after taxation of Castle MacLellan Foods Limited are transferred via Kavli Limited to Kavli Holding A/S for the ultimate benefit of the Kavli Trust.

Castle MacLellan Foods Limited is a wholly owned subsidiary of Kavli Limited, which is itself a wholly owned subsidiary of Kavli Holding A/S. Both Castle MacLellan Foods Limited and Kavli Limited operate as part of the Kavli group's European division, headed by Kavli Holding A/S (the group).

The principal activities of the company are the manufacture and sale of pâté and other food products to the retail food and food service industries in the United Kingdom and Europe. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The company continues to invest in research and development in its products and processes. This has resulted in a number of updates to existing products and processes as well as the launch of new products. The directors regard research and development investment as necessary for continuing success in the medium to long term future.

As shown in the company's profit and loss account on page 7, the company's sales have increased by 2.8% against the prior year and the profit before tax has increased from £474,673 in 2011 to £556,482 in 2012. This is due primarily to sales growth and the removal of less profitable products from the range.

A final dividend of 236.46p per share (2011: 99.54p per share), amounting to £342,867 was paid during the year ended 31 December 2012 (2011: £144,331).

The balance sheet on page 8 of the financial statements shows that the company's financial position at the year end is, in net asset terms, better than the prior year. Details of amounts owed to its parent company are shown in note 11.

There are no significant events since the balance sheet date.

Land and buildings

In the opinion of the directors, the market value of the properties and cost are not materially different.

Castle MacLellan Foods Limited

Directors' report for the year ended 31 December 2012 (continued)

Key performance indicators (KPIs)

The company manages its operations using key performance indicators. As the overriding objective of the business is to provide secure, long-term funding to the Kavli Trust, profitability and return on the Kavli Trust's income-generating assets is of paramount importance. The principal financial key performance indicators monitored to ensure achievement of this objective include:

Key performance

Indicator	Definition	2012	2011
Profitability	Operating profit in absolute terms and Operating profit margin	£567,786 5.9%	£489,234 5.2%

Profitability has improved through sales growth and the continuing removal of less profitable products from the company's portfolio.

Return on average capital employed	Operating profit divided by the average of the opening and closing Total assets less current liabilities	52.2%	36.9%
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The improvement in Operating profit coupled with the focus on maximising value from its assets has helped the company to improve the Return on average capital employed.

Average monthly working capital	Average monthly short term assets less average short term liabilities (excluding cash, overdrafts & group balances) as percentage of turnover.	-3.2%	-1.9%
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The average monthly working capital position continues to be negative and is at an improved level compared to prior years.

Principal risks and uncertainties

As with any business, the company faces a number of risks and uncertainties in the course of its day to day operations. The company regularly reviews its principal risks and prioritises them according to the potential impact and likelihood to adversely affect the company. This allows the management team to design appropriate responses and to prioritise actions to the most severe risks facing the company. The principal risks affecting the company include:

Competitive pressure in the United Kingdom is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing value-added services to its customers, having fast response times not only in supplying products but in handling all customer queries, product development and by maintaining strong relationships with its customers.

Raw material availability/pricing is a risk in respect of key raw materials. The company monitors raw material sources on a national and global basis for key inputs and negotiates forward purchase contracts where appropriate with key suppliers.

Operational failure as a result of a major disaster is an inherent risk for the company. This could cause significant disruption to the business and so the company has in place a formal business continuity plan that is regularly reviewed and updated.

Legislative and regulatory compliance is critical for a food manufacturing business. The company monitors current and forthcoming legislation regularly to ensure ongoing compliance.

Castle MacLellan Foods Limited

Directors' report for the year ended 31 December 2012 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, currency risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Currency risk

The company purchases some of its raw material inputs and services from European companies. It is therefore exposed to the movement in the Euro to Pound exchange rate. The Kavli Holding group's treasury function takes out contracts to manage this risk at a group level.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The company does not utilise debt finance, relying on its own controls to manage credit risk. The company also recognises it is exposed to the risk of financial institutions becoming insolvent. To reduce this risk deposits are only made with financial institutions which have been credit scored and whose global rating is appropriate.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a variable rate. The company has a policy of maintaining low levels of debt to reduce the volatility of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has a loan and a short term overdraft from its parent which attract interest charges at margins of 1.40% and 0.5% above LIBOR, respectively. It is therefore exposed to interest rate movements.

Environment

The Kavli Holding group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The group operates in accordance with Kavli Holding group policies which are described in the Kavli Holding group's annual report which does not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Castle MacLellan Foods Limited

Directors' report for the year ended 31 December 2012 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

P R Lewney

E Volden

Statement of directors' responsibilities

The directors are responsible for preparing the directors 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 prepared 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

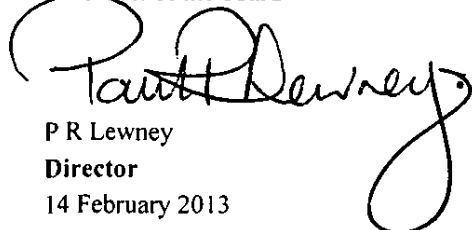
Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

The directors have taken all the steps they ought to have taken in their duty as a director in order 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 section 418 of the Companies Act 2006.

On behalf of the board



P R Lewney
Director
14 February 2013

Castle MacLellan Foods Limited

Independent auditors' report to the members of Castle MacLellan Foods Limited

We have audited the financial statements of Castle MacLellan Foods Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the statement of accounting policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 5 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 and financial statements 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 31 December 2012 and of its profit for the year 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.



Michael Jeffrey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
14 February 2013

Castle MacLellan Foods Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1	9,627,606	9,362,282
Net operating expenses	2	(9,059,820)	(8,873,048)
Operating profit		567,786	489,234
Interest receivable and similar income	4	-	23
Interest payable and similar charges	5	(11,304)	(14,584)
Profit on ordinary activities before taxation		556,482	474,673
Tax on profit on ordinary activities	6	(145,997)	(131,806)
Profit for the financial year	17	410,485	342,867

All of the operations of the company are continuing.

There are no recognised gains and losses other than those included in the results above for the current financial year and the preceding financial year and therefore no separate statement of total recognised gains and losses has been prepared.

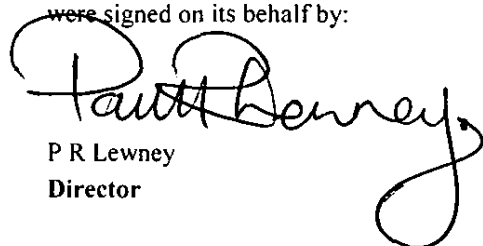
There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Castle MacLellan Foods Limited

Balance sheet as at 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	8		1,636,035		1,777,133
Current assets					
Stocks	9	668,623		652,290	
Debtors	10	2,939,897		3,476,829	
Cash at bank and in hand		6,897		267	
		3,615,417		4,129,386	
Creditors: amounts falling due within one year	11	(4,201,718)		(4,778,859)	
Net current liabilities			(586,301)		(649,473)
Total assets less current liabilities			1,049,734		1,127,660
Creditors: amounts falling due after more than one year	12		(184,156)		(329,700)
Net assets			865,578		797,960
Capital and reserves					
Called up share capital	16		145,000		145,000
Capital redemption reserve	17		120,000		120,000
Profit and loss account	17		600,578		532,960
Total shareholders' funds	18		865,578		797,960

The financial statements on pages 7 to 20 were approved by the board of directors on 14 February 2013 and were signed on its behalf by:


P R Lewney
Director

Castle MacLellan Foods Limited

Statement of accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies adopted are described below and have been applied consistently in the current and prior year.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) "Cash flow statements" from the requirement to produce a cash flow statement due to the results of the company being included in the consolidated financial statements of the ultimate parent undertaking, Kavli Holding A/S.

Tangible fixed assets and depreciation

Tangible fixed assets are held at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2.5%
Plant and machinery	10% - 33.33%
Motor vehicles	33.33%
Freehold land is not depreciated	

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value including any provision for obsolete or slow moving stock. Cost comprises the invoiced value of goods purchased plus direct labour and attributable overheads, where applicable and is determined on an average cost basis. Net realisable value is based upon estimated selling price in the normal course of business after allowing for disposal costs.

Foreign currencies/exchange

Monetary assets and liabilities arising in overseas currencies are converted into sterling at the exchange rate ruling on the transaction date. Payments are converted at the actual rates incurred. The resulting exchange differences are charged or credited to the profit and loss account in the period in which they arise. At the end of the financial year foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at that date.

Turnover

Turnover, which excludes value added tax, represents amounts receivable for goods provided in the normal course of business, less returns. Turnover is recognised at the point at which goods are received by the customer.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the useful life of the related asset. Grants received in respect of specific projects are treated as deferred income and credited to the profit and loss account over the duration of the project.

Castle MacLellan Foods Limited

Statement of accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme for employees. Pension costs are charged to the profit and loss account in the year in which they are incurred.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

Current tax, including United Kingdom corporation 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.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less 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 which are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are measured at the average tax rates that are expected to apply and are on an undiscounted basis.

Research and development

Costs in respect of research and development activities are charged to the profit and loss account as they are incurred.

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012

1 Turnover

All of the turnover derives from operations based in the United Kingdom and relates to the sale of food products. Turnover by destination has been split as follows:

	2012	2011
	£	£
United Kingdom	9,627,606	9,362,282

2 Net operating expenses

	2012	2011
	£	£
Change in stocks of finished goods and work in progress	(15,321)	50,017
Raw materials and consumables	4,515,875	4,319,795
Staff costs (note 3)	2,008,793	1,873,273
Depreciation charge for the year:		
Tangible fixed assets (note 8)	312,907	307,101
Amortisation of government grants (note 14)	(77,114)	(89,719)
Other operating charges	2,114,729	2,226,218
Hire of plant and machinery – operating leases	47,784	58,082
Hire of other assets – operating leases	13,639	14,874
Research and development costs	133,278	104,291
Auditors' remuneration:		
For the audit of the company's annual financial statements	7,200	7,000
For the provision of tax services to the company	1,500	1,100
(Profit)/ loss on sale of tangible fixed assets	(3,450)	1,016
Net operating expenses	9,059,820	8,873,048

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

3 Information regarding directors and employees

The directors of Castle MacLellan Foods Limited are also directors of the parent company Kavli Limited. The directors received total emoluments of £208,472 (2011: £195,441) from Kavli Limited during the year, but it is not practical to allocate this between their services as executives of Castle MacLellan Foods Limited and their services as directors of Kavli Limited.

The average monthly number of persons (including executive directors) employed during the year was:

	2012	2011
	Number	Number
Production	90	87
Administration	5	5
	95	92

	2012	2011
	£	£
Staff costs during the year (including executive directors):		
Wages and salaries	1,790,187	1,674,931
Social security costs	153,908	145,589
Pension costs in relation to defined contribution scheme (see note 15)	64,698	52,753
	2,008,793	1,873,273

4 Interest receivable and similar income

	2012	2011
	£	£
Financial income	-	9
Bank interest	-	14
	-	23

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

5 Interest payable and similar charges

	2012	2011
	£	£
Interest payable on overdrafts	6,365	2,964
Interest payable on group loans	4,939	11,620
	11,304	14,584

6 Tax on profit on ordinary activities

	2012	2011
	£	£
Current tax:		
United Kingdom corporation tax on profits of the year	162,793	163,069
Adjustments in respect of prior years	-	-
Total current tax	162,793	163,069
Deferred tax:		
Origination and reversal of timing differences	(18,306)	(31,065)
Effect of change in tax rates	1,510	(198)
Total deferred tax (note 13)	(16,796)	(31,263)
Tax on profit on ordinary activities	145,997	131,806

The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%).

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Tax on profit on ordinary activities (continued)

The differences are explained below:

	2012	2011
	£	£
Profit on ordinary activities before taxation	556,482	474,673
Tax on profit multiplied by the standard rate in the United Kingdom of 24.5% (2011: 26.5%)	136,338	125,788
Expenses not deductible for tax purposes	8,005	6,257
Capital allowances less than depreciation	17,134	23,152
Movement in short term timing differences	1,172	7,914
Effect of other tax credits	(18)	(42)
Adjustments in respect of prior years	162	-
Current tax charge for the year	162,793	163,069

Factors that may affect future tax charges

Budget 2012 announced further changes to corporation tax from April 2012. These changes include legislation reducing the main rate of corporation tax from 26% to 24% from 1 April 2012 and from 24% to 23% with effect from 1 April 2013.

Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.5% and will be taxed at 24% until 1 April 2013, at which point they will be taxed at 23% for the future. The deferred tax balance has been provided at 23%, as this is the tax rate at which deferred tax is expected to unwind.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. However, these changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The impact of these changes is not expected to have a material effect on the financial statements. There are no other factors which are expected to significantly affect the future tax charge.

7 Dividends

	2012	2011
	£	£
Ordinary:		
Final dividend of 236.46p per share (2011: 99.54p per share)	342,867	144,331

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2012	876,675	4,193,469	21,563	5,091,707
Additions	-	171,809	-	171,809
Disposals	-	(234,057)	-	(234,057)
At 31 December 2012	876,675	4,131,221	21,563	5,029,459
Accumulated depreciation				
At 1 January 2012	295,006	3,015,974	3,594	3,314,574
Charge for the year	20,758	284,962	7,187	312,907
Disposals	-	(234,057)	-	(234,057)
At 31 December 2012	315,764	3,066,879	10,781	3,393,424
Net book value				
At 31 December 2012	560,911	1,064,342	10,782	1,636,035
At 31 December 2011	581,669	1,177,495	17,969	1,777,133

9 Stocks

	2012 £	2011 £
Raw materials and consumables	367,663	345,112
Packaging	170,314	191,853
Work in progress	15,652	1,762
Finished goods and goods for resale	114,994	113,563
	668,623	652,290

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Debtors

	2012	2011
	£	£
Trade debtors	2,374,234	2,186,142
Amounts owed by group undertakings	385,394	1,115,735
Other debtors	88,195	118,909
Deferred tax asset (note 13)	21,652	4,856
Prepayments	70,422	51,187
	2,939,897	3,476,829

11 Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank overdraft	-	356,904
Trade creditors	744,113	622,396
Amounts owed to group undertakings	1,729,615	2,101,914
Corporation tax	87,252	102,504
Other taxation and social security	122,882	115,171
Accruals	1,468,312	1,420,976
Deferred income (note 14)	49,544	58,994
	4,201,718	4,778,859

Amounts owed to group undertakings include an intra group loan of £96,000 (2011: £384,000). This loan is unsecured and due for repayment by 31 March 2013. The loan attracts interest charges at a margin of 1.40% above LIBOR. The effective rate as at 31 December 2012 was 1.90% (2011: 1.90%). There is also a short term overdraft facility of £350,000 (2011: £nil) which attracts interest charges of 0.5% above LIBOR. The effective rate as at 31 December 2012 was 1%. Both of these loans are due for repayment within one year.

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Creditors: amounts falling due after more than one year

	2012	2011
	£	£
Amounts owed to group undertakings	-	96,000
Deferred income (note 14)	184,156	233,700
	184,156	329,700

Amounts owed to group undertakings now all fall due within one year (note 11).

	2012	2011
	£	£
Repayable as follows:		
Within one year	96,000	288,000
In more than one year but not more than two years	-	96,000
	96,000	384,000

All other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13 Provisions for liabilities

	£
Deferred taxation	
At 1 January 2012	(4,856)
Profit and loss account credit for the year	(16,796)
At 31 December 2012 (note 10)	(21,652)

	2012	2011
	£	£
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	(2,672)	14,579
Short term timing differences	(18,980)	(19,435)
	(21,652)	(4,856)

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Deferred income

	2012	2011
	£	£
Government grants		
At 1 January	292,694	354,767
Grants received in year	18,120	27,646
Amortisation in year	(77,114)	(89,719)
At 31 December	233,700	292,694
Within creditors amounts falling due within one year	49,544	58,994
Within creditors amounts falling due after more than one year	184,156	233,700
	233,700	292,694

If the company does not maintain approved headcount numbers, the company may be liable to repay certain government grants.

15 Pension schemes

The company operates a funded defined contribution pension scheme. Contributions charged in the profit and loss account in the year totalled £64,698 (2011: £52,753).

At 31 December 2012 an accrual of £182 (2011: £105) was included in the balance sheet in respect of pension payments.

16 Called up share capital

	2012	2011
	£	£
Authorised		
370,000 (2011: 370,000) ordinary shares of £1 each	370,000	370,000
Allotted and fully paid		
145,000 (2011: 145,000) ordinary shares of £1 each	145,000	145,000

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

17 Reserves

	Capital redemption reserve	Profit and loss account
	£	£
At 1 January 2012	120,000	532,960
Profit for the financial year	-	410,485
Dividend paid (note 7)	-	(342,867)
At 31 December 2012	120,000	600,578

The capital redemption reserve represents the nominal value of preference shares redeemed.

18 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	410,485	342,867
Dividend paid (note 7)	(342,867)	(144,331)
Net increase in shareholders' funds	67,618	198,536
Opening shareholders' funds	797,960	599,424
Closing shareholders' funds	865,578	797,960

19 Financial commitments

At 31 December the company had annual commitments under non cancellable operating leases, none of which related to land and buildings, as detailed below:

	2012	2011
	£	£
Expiring within one year	9,026	6,031
Expiring within two to five years	18,326	18,161
	27,352	24,192

Castle MacLellan Foods Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

20 Capital commitments

	2012	2011
	£	£
Capital expenditure contracted for but not provided in the financial statements	47,864	5,588

21 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of Financial Reporting Standard 8 "Related party disclosures" on the grounds that it is a wholly owned subsidiary of a group headed by Kavli Holding A/S, whose consolidated financial statements are publicly available.

22 Ultimate and immediate parent companies

The company is a wholly owned subsidiary of Kavli Limited, a company registered in England. The ultimate parent company is Kavli Holding A/S, a company incorporated in Norway.

The parent undertaking of the largest group which includes the company, and for which consolidated financial statements are prepared, is Kavli Holding A/S. The parent undertaking of the smallest such group is Kavli Limited.

Copies of the financial statements for this group can be obtained from:

Kavli Holding A/S
Postboks 7360
5020 Bergen
Norway

The ultimate controlling party of Kavli Holding A/S is the Kavli Trust (Kavlifondet), formerly known as O Kavli og Knut Kavli's Almennyttige Fond, a charitable foundation established in Norway.