REGISTRAR OF COMPANIES

Registration number: SC344049

Dawnfresh Farming Limited

Directors' Report and Financial Statements

31 March 2012

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Dawnfresh Farming Limited
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Dawnfresh Farming Limited
Company Information

Directors	A E H Salvesen CBE CA MBA J A Henderson CA B J McMonagle MBA G Pringle
Company secretary	J A Henderson CA
Registered office	Bothwell Park Industrial Estate Uddingston GLASGOW G71 6LS
Auditors	Dodd & Co Chartered Accountants & Registered Auditors FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW

Dawnfresh Farming Limited

Directors' Report for the Year Ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

Directors of the company
The directors who held office during the year were as follows:

A E H Salvesen CBE CA MBA
J A Henderson CA
B J McMonagle MBA
G Pringle (appointed 13 April 2011)

Principal activity
The principal activity of the company is fish farming and the sale of fish.

Business review

The company's key financial and other performance indicators during the year were as follows:

	Unit	2012	2011
Turnover	£	11,668,719	12,769,014
Gross profit margin	%	15	2
Loss before tax	£	(588,054)	(1,636,085)

The company suffered a disappointing loss in the year, attributable to low growth rates, increased fish feed costs, significant mortalities and high operating costs.

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk
The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

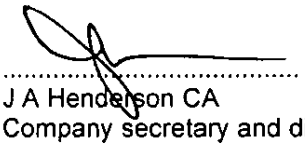
Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

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Disclosure of information to the auditors

Each director has taken steps that they ought to have taken 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. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on 18 December 2012 and signed on its behalf by:



.....
J A Henderson CA
Company secretary and director

Dawnfresh Farming Limited

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 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 accounting estimates that are reasonable and prudent; 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 Auditors' Report to the Members of Dawnfresh Farming Limited

We have audited the financial statements of Dawnfresh Farming Limited for the year ended 31 March 2012, set out on pages 7 to 17. 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 Statement of Directors' Responsibilities (set out on page 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 March 2012 and of its loss 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.

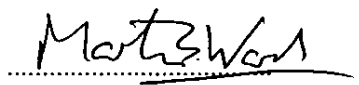
Independent Auditors' Report to the Members of Dawnfresh Farming Limited

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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.



Martin S Ward (Senior Statutory Auditor)
For and on behalf of Dodd & Co, Statutory Auditor

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

18 December 2012

Dawnfresh Farming Limited

Profit and Loss Account for the Year Ended 31 March 2012

	Note	2012 £	2011 £
Turnover		11,668,719	12,769,014
Cost of sales		(10,093,603)	(12,593,989)
Gross profit		1,575,116	175,025
Administrative expenses		(2,169,142)	(1,813,666)
Other operating income		5,972	3,533
Operating loss	2	(588,054)	(1,635,108)
Interest payable and similar charges	4	-	(977)
Loss on ordinary activities before taxation		(588,054)	(1,636,085)
Loss for the financial year	14	(588,054)	(1,636,085)
Profit and loss reserve brought forward		(2,370,180)	(734,095)
Profit and loss reserve carried forward		(2,958,234)	(2,370,180)

Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Dawnfresh Farming Limited
(Registration number: SC344049)
Balance Sheet at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible fixed assets	6	(83,148)	(96,678)
Tangible fixed assets	7	4,898,304	4,001,227
		4,815,156	3,904,549
Current assets			
Stocks	8	5,277,511	3,589,049
Debtors	9	177,941	192,888
Cash at bank and in hand		2,248	2,700
		5,457,700	3,784,637
Creditors: Amounts falling due within one year	10	(3,770,795)	(1,749,356)
Net current assets		1,686,905	2,035,281
Total assets less current liabilities		6,502,061	5,939,830
Creditors: Amounts falling due after more than one year	11	(9,460,293)	(8,310,008)
Net liabilities		(2,958,232)	(2,370,178)
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	(2,958,234)	(2,370,180)
Shareholders' deficit		(2,958,232)	(2,370,178)

Approved by the Board on 18 December 2012 and signed on its behalf by:

.....
A E H Salvesen CBE CA MBA
Director

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The company has net liabilities at 31 March 2012 and meets its day to day working capital requirements through its bank overdraft facility which, in common with all such facilities, is repayable on demand. In addition the parent company has provided financial support by way of long term loans. On the basis of this support, the directors consider it appropriate to prepare the financial statements on the going concern basis.

However, should the company not have the support of its bankers and parent company, and therefore be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

Turnover

Turnover represents amounts chargeable in respect of the sale of goods and services to customers net of value added tax.

Government grants

Government grants in respect of capital expenditure 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. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classed as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through sale or depreciation.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Negative goodwill	on recovery of fair value through sale or depreciation
Positive goodwill	10 years straight line

Depreciation
Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	Land not depreciated
Plant and machinery	10 years straight line basis
Motor vehicles	5 years straight line basis

Stock
Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred tax
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Deferred tax is not recognised where tax losses exist and there is no evidence of future profits arising against which these losses can be recovered.

Hire purchase and leasing
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease.

Pensions
The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

2 Operating loss

Operating loss is stated after charging:

	2012 £	2011 £
Operating leases	110,866	141,944
Auditor's remuneration - The audit of the company's annual accounts	10,000	10,000
Loss/(profit) on sale of tangible fixed assets	12,443	(11,550)
Depreciation of owned assets	285,414	206,321
Depreciation of assets held under finance lease and hire purchase contracts	-	2,661
Amortisation	(13,530)	(13,630)
Government grants receivable	(5,972)	(3,533)

3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2012 No.	2011 No.
Administration and support	7	5
Production	48	62
	55	67

The aggregate payroll costs were as follows:

	2012 £	2011 £
Wages and salaries	1,447,703	1,541,026
Social security costs	123,153	128,785
Staff pensions	31,131	25,424
	1,601,987	1,695,235

4 Interest payable and similar charges

	2012 £	2011 £
Finance charges	-	977
	-	977

5 Taxation

Factors that may affect future tax charges

At 31 March 2012, the company had unrelieved trading losses carried forward amounting to £4.3m (2011 - £3.4m).

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2011	(5,681,071)
At 31 March 2012	(5,681,071)
Amortisation	
At 1 April 2011	(5,584,393)
Charge for the year	(13,530)
At 31 March 2012	(5,597,923)
Net book value	
At 31 March 2012	(83,148)
At 31 March 2011	(96,678)

7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 2011	1,892,047	2,394,598	43,966	4,330,611
Additions	-	1,139,468	83,553	1,223,021
Disposals	-	(40,530)	-	(40,530)
At 31 March 2012	1,892,047	3,493,536	127,519	5,513,102
Depreciation				
At 1 April 2011	-	322,208	7,176	329,384
Charge for the year	-	272,443	12,971	285,414
At 31 March 2012	-	594,651	20,147	614,798
Net book value				
At 31 March 2012	1,892,047	2,898,885	107,372	4,898,304
At 31 March 2011	1,892,047	2,072,390	36,790	4,001,227

Finance lease and hire purchase assets
Included within the net book value of tangible fixed assets is £nil (2011 - £7,760) in respect of assets held under finance lease agreements and similar hire purchase contracts. Depreciation for the year on these assets was £nil (2011 - £2,661).

8 Stocks

	2012 £	2011 £
Stocks	5,277,511	3,589,049

9 Debtors

	2012 £	2011 £
Trade debtors	58,562	57,295
Other debtors	119,379	135,593
	177,941	192,888

10 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	872,329	614,993
Bank loans and overdrafts	966,132	185,542
Obligations under finance lease and hire purchase contracts	-	3,792
Amounts owed to group undertakings	1,681,163	641,662
Other creditors	251,171	303,367
	3,770,795	1,749,356

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	2012 £	2011 £
Bank loans and overdrafts	966,132	185,542
Obligations under finance leases and hire purchase contracts	-	3,792
	966,132	189,334

The bank overdraft is secured by fixed and floating charges over the assets of the company and includes a full cross corporate guarantee between all group companies.

The hire purchase liabilities are secured on the assets to which they relate.

11 Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Obligations under finance lease and hire purchase contracts	-	2,044
Amounts owed to group undertakings	9,279,143	8,000,000
Other creditors	128,169	265,603
Accruals and deferred income	52,981	42,361
	9,460,293	8,310,008

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2012 £	2011 £
Obligations under finance lease and hire purchase	-	2,044

12 Capital grants

	2012 £	2011 £
Balance as at year start	42,361	-
Grants received	16,592	45,894
Grants released	(5,972)	(3,533)
Balance as at year end	52,981	42,361

13 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No.	£	No.	£
Ordinary of £1 each	2	2	2	2

14 Reserves

	Profit and loss account £
At 1 April 2011	(2,370,180)
Loss for the year	(588,054)
At 31 March 2012	(2,958,234)

15 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Loss attributable to the members of the company	(588,054)	(1,636,085)
Net reduction to shareholders' funds	(588,054)	(1,636,085)
Shareholders' deficit at 1 April	(2,370,178)	(734,093)
Shareholders' deficit at 31 March	(2,958,232)	(2,370,178)

16 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £31,131 (2011 - £25,424).

Contributions totalling £nil (2011 - £nil) were payable to the schemes at the end of the year and are included in creditors.

17 Commitments

Operating lease commitments

As at 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2012 £	2011 £
Land and buildings		
Within two and five years	281,064	301,532

18 Control

The company is controlled by Dawnfresh Holdings Limited, which owns 100% of the issued share capital in Dawnfresh Seafoods Limited, which in turn owns 100% of the issued share capital in Dawnfresh Farming Limited.

The ultimate control of the company lies with A E H Salvesen CBE CA MBA, who is a director of Dawnfresh Holdings Limited, Dawnfresh Seafoods Limited and Dawnfresh Farming Limited.

As a result of this, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group on the grounds that the group accounts are publicly available at Companies House.