

Report of the Directors and
Consolidated Financial Statements for the Year Ended 31st December 2012
for
Salmon Developments Plc

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Salmon Developments Plc

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for the Year Ended 31st December 2012

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Salmon Developments Plc

Company Information

DIRECTORS:

D Mapp - Non executive chairman
D J Stewart - Executive chairman
R F Henderson
S K Kuntze
P Skottowe
J D Foord

SECRETARY:

J D Foord

REGISTERED OFFICE:

46 Mount Street
London
W1K 2HH

REGISTERED NUMBER:

02424275

AUDITORS:

Meyer Williams
Stag House
Old London Road
Hertford
Hertfordshire
SG13 7LA
REGISTERED AUDITOR

Salmon Developments Plc

Report of the Directors
for the Year Ended 31st December 2012

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property trading and development

REVIEW OF BUSINESS

Despite current market conditions the directors are satisfied that the company remains in a financially strong and stable position as evidenced by the year end balance sheet

Throughout the year Salmon Developments Plc as a company was profitable and reported a profit before taxes and dividends of £793,369, whilst the consolidated results for the group showed an overall profit before tax and dividends of £767,908

The results for the year and financial position of the group are as shown in the annexed financial statements

DIVIDENDS

The directors do not recommend the payment of a final dividend on the ordinary shares. A fixed cumulative preferential dividend totalling £120,000 is proposed to be paid to the holders of participating preferred ordinary shares

DIRECTORS

The directors during the year under review were

D Mapp	- Non executive chairman
D J Stewart	- Executive chairman
R F Henderson	
S K Kuntze	
P Skottowe	
J D Foord	

PRINCIPAL RISKS AND UNCERTAINTIES

Business Risk

The directors consider that the company's principal business risks are

- Failing to win new contracts which will generate sufficient profits - this is not considered to be a major concern as the company has always had a good record of success from its tendering process
- Market conditions impacting on project profitability - as far as possible the company implements strategies to mitigate market risks from project profitability

The company also faces the normal risks which exist for property development companies, such as site health and safety. These risks are not judged to be of a material nature as the company has good health and safety procedures and is adequately insured.

Liquidity Risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit Risk

The company places its cash with creditworthy institutions and performs ongoing credit evaluations of its debtors' financial position. New customers who wish to enter into contracts with the company and group are subject to credit verification procedures and relevant guarantees and undertakings are sought where appropriate. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

The carrying amount of cash and debtors represent the maximum credit risk to which the company is exposed.

Salmon Developments Plc

Report of the Directors
for the Year Ended 31st December 2012

PRINCIPAL RISKS AND UNCERTAINTIES – continued

Treasury Operations and Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability (or equity instrument) in another entity. The company's principal financial instruments include various financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Financial instruments are not entered into for speculative purposes.

CREDITORS PAYMENT POLICY

Trade creditors are settled in accordance with their agreed payment terms. During the year ended 31st December 2012 the proportion, in days, of trade creditors that related to invoices in the period was calculated to be two (2011: twelve).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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.

AUDITORS

A resolution to re-appoint Meyer Williams will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD:



J D Foord - DIRECTOR

Dated 13th May 2013

Report of the Independent Auditors to the Shareholders of
Salmon Developments Plc

We have audited the group and company financial statements of Salmon Developments Plc for the year ended 31st December 2012 on pages five to nineteen. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 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 group's and 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 Report of the Directors 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company's 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.



J L Meyer (Senior Statutory Auditor)
for and on behalf of Meyer Williams
Chartered Accountants & Registered Auditors
Stag House
Old London Road
Hertford
Hertfordshire
SG14 7LA

Date

16th May 2013

Salmon Developments Plc
Consolidated Profit and Loss Account
for the Year Ended 31st December 2012

		<u>31.12.12</u>	<u>31 12 11</u>
	Notes	£	£
TURNOVER		5,349,874	13,175,207
Less share of associated undertaking		<u>(5,261,874)</u>	<u>(12,984,874)</u>
GROUP TURNOVER		88,000	190,333
Other operating income		<u>1,154,521</u>	<u>1,029,798</u>
		1,242,521	1,220,131
Administrative expenses		<u>(1,139,170)</u>	<u>(1,464,556)</u>
OPERATING PROFIT/(LOSS)		103,351	(244,425)
Share of joint venture's operating (loss)/profit		<u>(77)</u>	<u>5,528</u>
Share of associated undertaking's operating profit		<u>612,616</u>	<u>3,231,444</u>
		715,890	2,992,547
Interest receivable and similar income	4	<u>73,681</u>	<u>41,604</u>
		789,571	3,034,151
Interest payable and similar charges	5	<u>(21,663)</u>	<u>(17,959)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		767,908	3,016,192
Tax charge on profit on ordinary activities	6	<u>(249,360)</u>	<u>(1,036,601)</u>
PROFIT FOR THE FINANCIAL YEAR	8	<u>518,548</u>	<u>1,979,591</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profits for the current and previous years

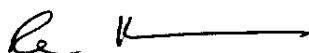
Salmon Developments Plc

Consolidated Balance Sheet

31st December 2012

		<u>31.12.12</u>		<u>31 12 11</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		29,149		31,580
Investments	10		<u>2,649,646</u>		<u>2,783,475</u>
			2,678,795		2,815,055
CURRENT ASSETS:					
Debtors	11	244,503		600,654	
Cash at bank and in hand		<u>5,352,312</u>		<u>4,973,765</u>	
		5,596,815		5,574,419	
CREDITORS: Amounts falling due within one year	12	<u>(1,436,366)</u>		<u>(1,948,778)</u>	
NET CURRENT ASSETS:			<u>4,160,449</u>		<u>3,625,641</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>6,839,244</u>		<u>6,440,696</u>
CAPITAL AND RESERVES:					
Called up share capital	14		12,770		12,770
Profit and loss account	15		6,611,995		6,213,447
Revaluation reserve	16		176,249		176,249
Capital redemption reserve	17		<u>38,230</u>		<u>38,230</u>
SHAREHOLDERS' FUNDS (including non-equity interests):	21		<u>6,839,244</u>		<u>6,440,696</u>

SIGNED ON BEHALF OF THE BOARD:



R F Henderson - DIRECTOR



D J Stewart - DIRECTOR

Approved by the Board on 13th May 2013

The notes form part of these financial statements

Salmon Developments Plc

Company Balance Sheet

31 December 2012

		<u>31.12.12</u>		<u>31 12 11</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		29,149		31,580
Investments	10		<u>2,353,052</u>		<u>2,353,052</u>
			2,382,201		2,384,632
CURRENT ASSETS:					
Debtors	11	244,503		600,654	
Cash at bank and in hand		<u>5,352,312</u>		<u>4,973,765</u>	
		5,596,815		5,574,419	
CREDITORS: Amounts falling due within one year	12	<u>(1,756,369)</u>		<u>(2,268,781)</u>	
NET CURRENT ASSETS:			<u>3,840,446</u>		<u>3,305,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>6,222,647</u>		<u>5,690,270</u>
CAPITAL AND RESERVES:					
Called up share capital	14		12,770		12,770
Profit and loss account	15		5,995,398		5,463,021
Revaluation reserve	16		176,249		176,249
Capital redemption reserve	17		<u>38,230</u>		<u>38,230</u>
SHAREHOLDERS' FUNDS (including non-equity interests):	21		<u>6,222,647</u>		<u>5,690,270</u>

SIGNED ON BEHALF OF THE BOARD:



R F Henderson - DIRECTOR



D J Stewart - DIRECTOR

Approved by the Board on 13th May 2013

The notes form part of these financial statements

Salmon Developments Plc

Consolidated Cash Flow Statement
for the Year Ended 31st December 2012

		<u>31.12.12</u>	<u>31 12 11</u>
	Notes	£	£
Net cash outflow from operating activities	1	15,411	(314,438)
Income from joint venture		3,000	15,000
Income from associated undertaking		662,438	2,608,219
Returns on investments and servicing of finance	2	24,578	(3,016)
Taxation		(318,539)	(574,389)
Capital expenditure		(8,341)	(3,621)
Increase in cash in the period		<u>378,547</u>	<u>1,727,755</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period	3	<u>378,547</u>	<u>1,727,755</u>
Change in net funds resulting from cash flows		<u>378,547</u>	<u>1,727,755</u>
Movement in net funds in the period		378,547	1,727,755
Net funds at 1st January 2012		<u>4,973,765</u>	<u>3,246,010</u>
Net funds at 31st December 2012		<u>5,352,312</u>	<u>4,973,765</u>

The notes form part of these financial statements

Salmon Developments Plc

Notes to the Cash Flow Statement
for the Year Ended 31st December 2012

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.12.12	31 12 11
	£	£
Operating profit/(loss)	103,351	(244,425)
Depreciation charges	10,772	11,427
Decrease/(increase) in debtors	356,152	(241,184)
(Decrease)/increase in creditors	(454,864)	159,744
Net cash inflow/(outflow) from operating activities	15,411	(314,438)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 12	31 12 11
	£	£
Returns on investments and servicing of finance		
Interest received	45,594	14,943
Interest paid	(21,016)	(17,959)
Net cash inflow/(outflow) for returns on investments and servicing of finance	24,578	(3,016)
Capital expenditure		
Purchase of tangible fixed assets	(8,341)	(3,621)
Net cash outflow for capital expenditure	(8,341)	(3,621)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.11	Cash flow	At 31.12.12
	£	£	£
Net cash			
Cash at bank and in hand	4,973,765	378,547	5,352,312
Total	4,973,765	378,547	5,352,312
Analysed in balance sheet			
Cash at bank and in hand	4,973,765		5,352,312

The notes form part of these financial statements

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of a fixed asset investment, and comply with all applicable accounting standards

Basis of consolidation

The group financial statements comprise a consolidation of the financial statements of the parent company and its subsidiary undertakings for the year ended 31st December 2012

Associated undertakings and joint ventures are included in the group financial statements on the equity accounting basis

In accordance with Section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account

Turnover

Turnover represents the amounts receivable in respect of the provision of services, excluding value added tax which fall within the company's ordinary activities

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Office equipment	- 25% reducing balance
Computer equipment	- 33 3% reducing balance
Improvements to leasehold property	- 12 5% reducing balance

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except those relating to revalued assets

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account evenly over the period of the lease

Cash and liquid resources

For the purposes of the cash flow statement, cash and liquid resources are defined as cash at bank and in hand and bank overdraft balances

Investments

Investments are included in the company balance sheet at cost less provisions required for diminution in value

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

2 STAFF COSTS

	31.12.12	31 12 11
	£	£
Wages and salaries	795,613	1,059,739
Social security costs	101,364	<u>176,069</u>
Social security costs	<u>896,977</u>	<u>1,235,808</u>

The average monthly number of employees during the year was as follows

	31.12.12	31 12 11
Directors	6	6
Administration	<u>7</u>	<u>6</u>
	<u>13</u>	<u>12</u>

3 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	31.12.12	31 12 11
	£	£
Depreciation	10,772	11,427
Hire of plant and machinery	4,763	9,906
Other operating lease costs	121,092	121,183
Auditors' remuneration	14,000	14,000
Auditors' remuneration – Non audit services	<u>2,100</u>	<u>1,350</u>

Directors' emoluments	<u>548,969</u>	<u>872,124</u>
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Information regarding the highest paid director is as follows

	31.12.12	31 12 11
	£	£
Emoluments	<u>145,113</u>	<u>248,282</u>

4 INTEREST RECEIVABLE

	31.12.12	31 12 11
	£	£
Interest received	45,594	14,943
Share of Joint venture and Associated undertaking	<u>28,087</u>	<u>26,661</u>
	<u>73,681</u>	<u>41,604</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.12	31 12 11
	£	£
Interest payable on late payment of dividends	21,016	17,959
Share of Joint venture and Associated undertaking	<u>647</u>	<u>-</u>
	<u>21,663</u>	<u>17,959</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31.12.12	31.12.11
	£	£
Current tax		
UK corporation tax	129,039	465,547
Adjustments to previous years	11,951	(15,875)
Share of associated undertaking's corporation tax charge	108,370	585,809
Share of joint venture's corporation tax charge	<u>-</u>	<u>1,120</u>
Tax charge on profit on ordinary activities	<u>249,360</u>	<u>1,036,601</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31.12.12	31.12.11
	£	£
Profit on ordinary activities before tax	<u>767,908</u>	<u>3,016,192</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 – 26%)	184,298	784,210
Effects of		
Change in UK tax rate	4,836	20,022
Adjustments in respect of prior periods	12,356	(27,904)
Adjustments in respect of associated undertaking	47,870	260,273
Current tax charge	<u>249,360</u>	<u>1,036,601</u>

7 DIVIDENDS

	31.12.12	31.12.11
	£	£
Non equity shares		
Participating preferred shares	<u>120,000</u>	<u>120,000</u>

Dividends payable in note 12 also include arrears of £120,000 from 2011, 2010, 2009, 2008, 2005, and 2004, and £118,685 from 2002

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

8 PROFIT FOR THE FINANCIAL YEAR

	31.12.12	31 12 11
This is reported in the accounts of	£	£
Salmon Developments Plc	186,321	304,997
Joint venture	(77)	4,411
Associated undertaking	<u>332,304</u>	<u>1,670,183</u>
	<u>518,548</u>	<u>1,979,591</u>

9 TANGIBLE FIXED ASSETS
The Group and the Company

	<u>Improvements to leasehold property</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£	£
COST:				
At 1st January 2012	8,123	65,051	76,121	149,295
Additions	<u>-</u>	<u>2,616</u>	<u>5,725</u>	<u>8,341</u>
At 31st December 2012	<u>8,123</u>	<u>67,667</u>	<u>81,846</u>	<u>157,636</u>
DEPRECIATION:				
At 1st January 2012	3,511	48,798	65,406	117,715
Charge for year	<u>577</u>	<u>4,720</u>	<u>5,475</u>	<u>10,772</u>
At 31st December 2012	<u>4,088</u>	<u>53,518</u>	<u>70,881</u>	<u>128,487</u>
NET BOOK VALUE:				
At 31st December 2012	<u>4,035</u>	<u>14,149</u>	<u>10,965</u>	<u>29,149</u>
At 31st December 2011	<u>4,612</u>	<u>16,253</u>	<u>10,715</u>	<u>31,580</u>

10 FIXED ASSET INVESTMENTS

The Group

	<u>Shares in associated undertaking and joint venture</u>	<u>Share of profits of associated undertaking and joint venture</u>	<u>Totals</u>
	£	£	£
COST:			
At 1st January 2012	2,403,509	379,966	2,783,475
Movement in the year	<u>-</u>	<u>(133,829)</u>	<u>(133,829)</u>
At 31st December 2012	<u>2,403,509</u>	<u>246,137</u>	<u>2,649,646</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

10 FIXED ASSET INVESTMENTS - continued

Investment in joint ventures and associated undertakings

The consolidated financial statements include the following joint venture and associated undertaking using the equity method

Salmon Aker Limited

Nature of business Property developer

Class of shares

Ordinary 'A' shares 50 00 %

The aggregate of the group's share of joint venture's assets and liabilities are as follows

	31.12.12 £	31 12 11 £
Turnover	-	-
Profit before tax	(77)	5,531
Taxation	-	1,120
Profit after tax	(77)	4,411
Current assets	514	5,461
Liabilities due within one year	-	1,870

Salmon Harvester Properties Limited

Nature of business Property developer

Class of shares

'B' Ordinary shares 50 00 %

'B' Ordinary shares entitle the company to 50% of the associated undertaking's voting rights and 20% of the distributable profits

The aggregate of the group's share of associated undertaking's assets and liabilities are as follows

	31.12.12 £	31 12 11 £
Turnover	5,261,874	12,984,874
Profit before tax	440,674	2,255,992
Taxation	108,370	585,809
Profit after tax	332,304	1,670,183
Fixed asset investments	750,172	682,220
Current assets	24,226,365	25,064,508
Liabilities due within one year	18,234,352	17,694,239
Liabilities due after more than one year	4,144,377	5,454,681

Salmon Developments Plc

**Notes to the Financial Statements
for the Year Ended 31st December 2012**

10 FIXED ASSET INVESTMENTS - continued

The Company

	Shares in subsidiaries	Shares in associated undertaking and joint venture	Loan to subsidiary	Totals
	£	£	£	£
COST OR VALUATION:				
At 1st January 2012 and 31st December 2012	<u>52</u>	<u>2,000,500</u>	<u>352,500</u>	<u>2,353,052</u>

Shares in subsidiaries:

The company's investments at the balance sheet date in the share capital of unlisted companies include the following

Salmon Properties Limited

Nature of business Non trading

	%
Class of shares	holding
Ordinary	100 00

Salcim Limited

Nature of business Non trading

	%
Class of shares	holding
Ordinary	100 00

**11 DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

The Group and the company	31 12.12	31 12 11
	£	£
Trade debtors	21,000	7,200
Other debtors	6,350	6,055
Amounts owed from associated undertaking and joint venture	157,732	554,325
Prepayments and accrued income	<u>59,421</u>	<u>33,074</u>
	<u>244,503</u>	<u>600,654</u>

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

**12 CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

The Group	31.12.12	31.12.11
	£	£
Trade creditors	12,625	11,805
Dividends payable	958,685	838,685
Corporation tax	129,039	306,588
Social security and other taxes	134,411	534,047
Amounts owed to joint venture	1,028	-
Accruals and deferred income	<u>200,578</u>	<u>257,653</u>
	<u>1,436,366</u>	<u>1,948,778</u>
 The Company	 31.12.12	 31.12.11
	£	£
Trade creditors	12,625	11,805
Amounts owed to subsidiaries	320,003	320,003
Dividends payable	958,685	838,685
Corporation tax	129,039	306,588
Social security and other taxes	134,411	534,047
Amounts owed to joint venture	1,028	-
Accruals and deferred income	<u>200,578</u>	<u>257,653</u>
	<u>1,756,369</u>	<u>2,268,781</u>

13 OBLIGATIONS UNDER LEASING AGREEMENTS

The group has the following payments committed to be paid within one year

	Operating leases			
	Land and Buildings		Other	
	31.12.12	31.12.11	31.12.12	31.12.11
	£	£	£	£
Expiring				
Less than 1 year	<u>105,000</u>	<u>-</u>	<u>2,544</u>	<u>3,515</u>
Between 2 – 5 years	<u>-</u>	<u>105,000</u>	<u>2,931</u>	<u>2,931</u>

Salmon Developments Plc

Notes to the Financial Statements
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14 CALLED UP SHARE CAPITAL

Issued Number	Class	Nominal value	31.12.12 £	31 12 11 £
50,000	Ordinary shares (25p paid)	£1	12,500	12,500
270	Participating preferred shares	£1	270	270
			<u>12,770</u>	<u>12,770</u>

The interests of the participating preferred shareholders have been classified as non equity

The rights of the participating preferred shareholders include the entitlement to receive a dividend of £120,000 in respect of each financial year to be distributed amongst the shareholders. The dividend is payable in priority to any payment of a dividend to the holders of all other shares in the capital of the company.

On a return of capital on a winding up or otherwise the assets of the company available for distribution to its members shall be applied in making payments to the holders of participating preferred shares, in priority to any payment to the holders of all other shares in the capital of the company, of firstly, a sum equal to all arrears of the preferred dividend and secondly, the sum of £2,000,000. The participating preferred shares do not carry an entitlement to vote at a general meeting.

15 PROFIT AND LOSS ACCOUNT

	Group £	Company £
As at 1st January 2012	6,213,447	5,463,021
Profit for the year	518,548	652,377
Dividends	<u>(120,000)</u>	<u>(120,000)</u>
As at 31st December 2012	<u>6,611,995</u>	<u>5,995,398</u>

16 REVALUATION RESERVE
The Group and the Company

	Group £	Company £
As at 1st January 2012 and 31st December 2012	<u>176,249</u>	<u>176,249</u>

Salmon Developments Plc

Notes to the Financial Statements
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17 CAPITAL REDEMPTION RESERVE

The Group and the Company	Group £	Company £
As at 1st January 2012 and 31st December 2012	<u>38,230</u>	<u>38,230</u>

18 ULTIMATE CONTROLLING PARTY

There has been no ultimate controlling party of the group throughout the current or preceding year

19 RELATED PARTY DISCLOSURES

The group and the company has taken advantage of the exemptions provided by Financial Reporting Standard 8 and has not reported transactions and balances with other group companies that are eliminated upon consolidation

During the year, Salmon Developments Plc entered into the following transactions with its associated undertaking and its joint venture

The Company	31.12.12 £	31 12 11 £
Salmon Harvester Properties Limited		
Included within the profit and loss account		
Management fees receivable	398,765	2,004,219
Project management fees	38,000	170,333
Contribution to management costs	1,152,626	1,029,459
Dividend receivable	263,673	604,000
Salary contributions receivable	53,278	55,873
Rental income	25,000	25,000
Included within debtors		
Amounts owed from associated undertaking	157,732	554,289
Salmon Aker Limited		
Included within profit and loss account		
Dividends receivable	3,000	15,000
Included within debtors		
Amounts owed from joint venture	-	36
Included within creditors		
Amounts owed to joint venture	1,028	-

20 TRANSACTIONS WITH DIRECTORS

The dividend in the year of £120,000 is payable to the holders of the participating preferred shares who are R F Henderson and D J Stewart, both directors of the company £22,222 is payable to R F Henderson and £97,778 is payable to D J Stewart

At the year end, dividends proposed included outstanding dividends of £781,151 (2011 £683,373) owed to D J Stewart and £177,534 (2011 £155,312) owed to R F Henderson Interest included in accruals on the dividends outstanding amounts to £129,376 (2011 £112,253) owed to D J Stewart and £29,404 (2011 £25,512) owed to R F Henderson

During the year D Mapp, a director, provided consultancy services to the company to the value of £20,942 (2011 £35,312)

Salmon Developments Plc

Notes to the Financial Statements
for the Year Ended 31st December 2012

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The Group	31.12.12	31 12 11
	£	£
Profit for the financial year	518,548	1,979,591
Dividends	<u>(120,000)</u>	<u>(120,000)</u>
Net increase to shareholders' funds	398,548	1,859,591
Opening shareholders' funds	<u>6,440,696</u>	<u>4,581,105</u>
Closing shareholders' funds	<u>6,839,244</u>	<u>6,440,696</u>
Equity interests	6,838,974	6,440,426
Non-equity interests	<u>270</u>	<u>270</u>
	<u>6,839,244</u>	<u>6,440,696</u>
The Company	31.12.12	31 12 11
	£	£
Profit for the financial year	652,377	1,926,106
Dividends	<u>(120,000)</u>	<u>(120,000)</u>
Net increase to shareholders' funds	532,377	1,806,106
Opening shareholders' funds	<u>5,690,270</u>	<u>3,884,164</u>
Closing shareholders' funds	<u>6,222,647</u>	<u>5,690,270</u>
Equity interests	6,222,377	5,690,000
Non-equity interests	<u>270</u>	<u>270</u>
	<u>6,222,647</u>	<u>5,690,270</u>
22 DEFERRED TAX		
The Group and the Company	31 12 12	31 12 11
	£	£
The total potential liability, none of which has been provided for in these financial statements, is as follows		
Revaluation of investment	<u>43,181</u>	<u>52,875</u>