

REGISTERED NUMBER: SC409689 (Scotland)

**Report of the Directors and
Financial Statements
for the Period 19 October 2011 to 31 October 2012
for
Moray Seafoods Limited**

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Moray Seafoods Limited (Registered number: SC409689)

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for the Period 19 October 2011 to 31 October 2012**

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Moray Seafoods Limited

**Company Information
for the Period 19 October 2011 to 31 October 2012**

DIRECTORS:

J W Hazeldean
R Porteous
V West

SECRETARY:

Mclay Murray & Spens LLP

REGISTERED OFFICE:

1 George Square
Glasgow
G2 1AL

REGISTERED NUMBER:

SC409689 (Scotland)

AUDITORS:

Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Moray Seafoods Limited (Registered number: SC409689)

**Report of the Directors
for the Period 19 October 2011 to 31 October 2012**

The directors present their report with the financial statements of the company for the period 19 October 2011 to 31 October 2012.

INCORPORATION

The company was incorporated on 19 October 2011 and commenced trading on 1 March 2012.

The company passed a special resolution on 30 March 2012 changing its name from Moray Seafoods (Scotland) Limited to Moray Seafoods Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of seafood processing.

REVIEW OF BUSINESS

Moray Seafoods Limited is a premium quality shellfish processor, based in Morayshire, Scotland.

On 1 March 2012 the company acquired the trade and assets of MSL Low Limited and commenced trading from this date. This acquisition involved a detailed restructure plan to reinvigorate the business following difficult trading conditions.

The results for the company show a pre-tax loss of £610,325 on turnover of £5.08m and are reflective of the ongoing restructure and development of the MSL Low business.

The directors are satisfied with the progress made by the company against their strategic plan and with the performance of the company throughout this period of restructure.

The directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business, given the straight forward nature of its operations.

RISKS & UNCERTAINTIES:

The key business risks affecting the company are as follows:-

- Raw material pricing and supply
- Sales pricing
- Current economic conditions
- Funding availability

The directors have in place a risk management system which aims to manage and reduce the above risks to which the company is exposed.

FUTURE DEVELOPMENTS

Whilst the continued weak economic backdrop means that trading conditions throughout the industry remain challenging, the directors believe that there are significant opportunities within the market for the company to take advantage of.

Since the period end, works in relation to the re-development of the company's factory have begun on site. These works will consolidate the production operations of Lossie Seafoods Limited, its fellow subsidiary company, into the company's factory. The company is anticipating that the works will be completed by June 2013. The directors are excited about the synergies and opportunities that this will bring.

Moray Seafoods Limited (Registered number: SC409689)

**Report of the Directors
for the Period 19 October 2011 to 31 October 2012**

The Company is looking forward to strengthening its relationships with its customers and suppliers and identifying and exploiting growth opportunities.

No other events have occurred since the balance sheet date which significantly affect the company.

DIVIDENDS

No dividends will be distributed for the period ended 31 October 2012.

DIRECTORS

The directors who have held office during the period from 19 October 2011 to the date of this report are as follows:

J W Hazeldean - appointed 19 October 2011

R Porteous - appointed 19 October 2011

V West - appointed 19 October 2011

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

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.

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.

Moray Seafoods Limited (Registered number: SC409689)

**Report of the Directors
for the Period 19 October 2011 to 31 October 2012**

AUDITORS

The auditors, Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'V West', with a large, sweeping flourish extending to the right.

V West - Director

2 May 2013

Report of the Independent Auditors to the Members of Moray Seafoods Limited

We have audited the financial statements of Moray Seafoods Limited for the period ended 31 October 2012 on pages seven to eighteen. 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 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 Report of the Directors 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 October 2012 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Report of the Independent Auditors to the Members of
Moray Seafoods 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.

Campbell Dallas LLP

Peter Gallanagh (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: *2 May 2013*

Moray Seafoods Limited (Registered number: SC409689)

**Profit and Loss Account
for the Period 19 October 2011 to 31 October 2012**

	Notes	£
TURNOVER	2	5,083,956
Cost of sales		<u>4,553,954</u>
GROSS PROFIT		530,002
Administrative expenses		<u>927,903</u>
		(397,901)
Other operating income		<u>11,597</u>
OPERATING LOSS	4	(386,304)
Reorganisation costs	5	<u>180,500</u>
		(566,804)
Interest payable and similar charges	6	<u>43,521</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(610,325)
Tax on loss on ordinary activities	7	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD		<u><u>(610,325)</u></u>

CONTINUING OPERATIONS

All of the company's activities were acquired during the year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current period.

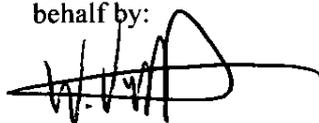
The notes form part of these financial statements

Moray Seafoods Limited (Registered number: SC409689)

Balance Sheet
31 October 2012

	Notes	£	£
FIXED ASSETS			
Intangible assets	8		1,290,731
Tangible assets	9		793,851
Investments	10		1
			<u>2,084,583</u>
CURRENT ASSETS			
Stocks	11	727,841	
Debtors	12	1,694,855	
Cash at bank		331,481	
		<u>2,754,177</u>	
CREDITORS			
Amounts falling due within one year	13	2,736,923	
		<u>2,736,923</u>	
NET CURRENT ASSETS			<u>17,254</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,101,837
CREDITORS			
Amounts falling due after more than one year	14		(2,498,772)
PROVISIONS FOR LIABILITIES	18		(180,500)
ACCRUALS AND DEFERRED INCOME			(32,888)
NET LIABILITIES			<u>(610,323)</u>
CAPITAL AND RESERVES			
Called up share capital	20		2
Profit and loss account	21		(610,325)
SHAREHOLDERS' FUNDS			<u>(610,323)</u>

The financial statements were approved by the Board of Directors on 2 May 2013 and were signed on its behalf by:



V West - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 19 October 2011 to 31 October 2012

1. ACCOUNTING POLICIES

Accounting convention

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

At 31 October 2012 the company had net liabilities of £610,323. The directors are satisfied that the company's ultimate parent will continue to provide financial support to facilitate the restructure and development of the business and to meet the long term objectives of its investors.

As such, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

Preparation of consolidated financial statements

The financial statements contain information about Moray Seafoods Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Associated Seafoods Limited, a company registered in Scotland.

Financial Reporting Standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Turnover

Turnover relates to the principal activity of the company, and is represented by net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount recognised in connection with the acquisition of the trade and assets of MSL Low Limited, is being amortised evenly over its estimated useful life of 10 years.

Tangible fixed assets

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

Freehold buildings	- Straight Line over fifty years on valuation
Plant and machinery	- 10% Straight Line on cost
Motor vehicles	- 25% Straight Line on cost

Impairment losses are provided for in respect of assets for which the carrying value is in excess of the recoverable amount.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchased on a first in first out basis. The cost of work in progress and finished goods comprises cost of materials, direct labour and attributable overheads according to the stage of manufacture. Net realisable value is based on estimated selling price, less any further costs expected to be incurred to completion and disposal.

1. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but have not reversed at the balance sheet date.

Deferred tax is provided at the average rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to provide a consistent periodic rate of charge on the net obligation outstanding in each period.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

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.

Acquisition

On 1 March 2012 the company acquired the entire share capital of MSL Low Limited through a share for share exchange and subsequently purchased the assets/liabilities and trade of MSL Low Limited for £1.

The company has accounted for this transaction under the applicable provisions of FRS 6.

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

2. **TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	£
United Kingdom	3,610,626
Europe	1,473,330
	<u>5,083,956</u>

3. **STAFF COSTS**

	£
Wages and salaries	901,585
Social security costs	59,977
Other pension costs	17,126
	<u>978,688</u>

The average monthly number of employees during the period was as follows:

Production and administration	59
Administration and sales	16
	<u>75</u>

4. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	£
Hire of plant and machinery	604
Other operating leases	1,753
Depreciation - owned assets	29,816
Profit on disposal of fixed assets	(58,532)
Goodwill amortisation	96,005
Auditors' remuneration	9,760
Defined contribution pension costs	17,126
Deferred Grants released	<u>(11,597)</u>
	<u>14,583</u>

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

5. EXCEPTIONAL ITEMS

Included within cost of sales is the release of an onerous contracts provision amounting to £323,523. The directors consider this to be an exceptional item in the period due to its quantum.

In addition, the company has recognised costs of £180,500 in respect of the restructure of the company. This is disclosed separately within the profit and loss statement.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Bank interest	4,753
Hire purchase	740
Factoring interest	22,125
Factoring charges	15,903
	<u>43,521</u>

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period.

The company has an unrecognised deferred tax asset of £776,126. This has not been recognised due to uncertainty as to when sufficient future profits will arise to offset the company's carried forward losses.

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Acquired from subsidiary	1,386,736
At 31 October 2012	<u>1,386,736</u>
AMORTISATION	
Amortisation for period	96,005
At 31 October 2012	<u>96,005</u>
NET BOOK VALUE	
At 31 October 2012	<u>1,290,731</u>

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

8. INTANGIBLE FIXED ASSETS - continued

On 1 March 2012, the company purchased the assets/liabilities and trade of MSL Low Limited for £1. The company has applied the provisions of FRS 6 to this transaction and as a result the company has recognised goodwill amounting to £1,386,736 as follows:

	Book Value £	Fair Value £
Fixed assets	707,589	678,930
Stocks	417,039	411,895
Debtors	1,228,751	1,228,751
Cash	56,524	56,524
Creditors	(2,110,824)	(2,085,824)
Bank loans	(225,000)	(225,000)
Hire purchase	(19,490)	(19,490)
Other loans	(1,000,000)	(1,000,000)
Provisions	(432,523)	(432,523)
Net liabilities	(1,377,934)	(1,386,737)
Consideration		£1
Goodwill		1,386,736

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
Acquired from subsidiary	452,398	201,084	25,448	678,930
Disposals	-	(11,468)	-	(11,468)
Additions	48,721	107,484	-	156,205
At 31 October 2012	<u>501,119</u>	<u>297,100</u>	<u>25,448</u>	<u>823,667</u>
DEPRECIATION				
Charge for period	6,105	16,169	7,542	29,816
At 31 October 2012	<u>6,105</u>	<u>16,169</u>	<u>7,542</u>	<u>29,816</u>
NET BOOK VALUE				
At 31 October 2012	<u>495,014</u>	<u>280,931</u>	<u>17,906</u>	<u>793,851</u>

At the period end the company held assets under hire purchase agreements with a value of £23,800 and depreciation charged of £4,014.

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

10. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
Additions	1
	<u>1</u>
At 31 October 2012	<u>1</u>
NET BOOK VALUE	
At 31 October 2012	<u><u>1</u></u>

On 1 March 2012, the company acquired the entire share capital of MSL Low Limited through a share for share exchange.

Following the transfer of trade and assets, MSL Low Limited became dormant and was dissolved on 7 December 2012.

11. **STOCKS**

	£
Raw materials	257,468
Work-in-progress	54,820
Finished goods	415,553
	<u>727,841</u>

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	£
Trade debtors	1,427,804
Amounts owed by group undertakings	224,691
Other debtors	1,594
VAT	33,109
Prepayments and accrued income	7,657
	<u>1,694,855</u>

Trade debtors are subject to an invoice discounting arrangement.

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Bank loans and overdrafts (see note 15)	1,128,631
Hire purchase contracts (see note 16)	9,280
Trade creditors	1,078,031
Social security and other taxes	24,449
Other creditors	16,367
Accrued expenses	480,165
	<u>2,736,923</u>

Included within bank loans and overdrafts is £1,038,631 in relation to invoice discounting.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Bank loans (see note 15)	75,000
Hire purchase contracts (see note 16)	3,772
Amounts owed to group undertakings	2,420,000
	<u>2,498,772</u>

15. LOANS

An analysis of the maturity of loans is given below:

	£
Amounts falling due within one year or on demand:	
Bank overdrafts	1,038,631
Bank loans	90,000
	<u>1,128,631</u>

Amounts falling due between one and two years:	
Bank loans - 1-2 years	<u>75,000</u>

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	£
Net obligations repayable:	
Within one year	9,280
Between one and five years	3,772
	<u>13,052</u>

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

17. SECURED DEBTS

The following secured debts are included within creditors:

	£
Bank overdraft	1,038,631
Bank loans	165,000
Other creditors	2,420,000
	<u>3,623,631</u>

Bank loans and overdrafts are secured over the whole of the company's assets by a floating charge together with a standard security over the company's property holdings.

Balances due to debt factor are included within bank overdrafts and secured over the related debts and a floating charge over other assets.

Net obligations under hire purchase contracts are secured over the assets to which they relate.

Other creditors relate to the company's inter-company loan with its parent company, Associated Seafoods Limited. This is secured by floating charge over the company's assets.

Ranking in respect of all secured debt is dependent on asset category.

18. PROVISIONS FOR LIABILITIES

Provisions acquired during the period of £432,523 relate to restructuring costs (£109,000) and onerous contract (£323,523).

All onerous contracts expired in 2012 and, as such, this provision has been released in full.

Further provisions of £180,500 have been made in relation to restructure costs, whilst £109,000 has been utilised in full during the period.

19. ACCRUALS AND DEFERRED INCOME

	£
Deferred government grants	32,888
	<u>32,888</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
2	Ordinary	£1	2
			<u>2</u>

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

20. CALLED UP SHARE CAPITAL - continued

During the year 1 ordinary share of £1 was issued to the parent company for cash at par and 1 ordinary share of £1 was issued to the parent company in exchange for entire share capital of MSL Low Limited.

21. RESERVES

	Profit and loss account £
Deficit for the period	(610,325)
At 31 October 2012	<u>(610,325)</u>

22. CONTINGENT LIABILITIES

Under the terms of capital grants received from the Scottish Executive and the European Fisheries Fund, the company will be required to repay up to 100% of grants received of £132,076, should any of the grant conditions be breached.

23. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Paragraph 3(c) in FRS 8 "Related party disclosures" from disclosing transactions with other wholly owned group members.

Included within accruals is £15,000 in relation to consultancy and commission services payable to Croan Seafoods Limited. Mr Croan is a shareholder in Associated Seafoods Limited.

24. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Associated Seafoods Limited, a company incorporated in Scotland.

The company's ultimate parent is Scottish Seafood Investments Limited, a company registered in Jersey under number 108431. Scottish Seafood Investments Limited is under the control of its board of directors.

Notes to the Financial Statements - continued
for the Period 19 October 2011 to 31 October 2012

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Loss for the financial period	(610,325)
New share capital subscribed	<u>2</u>
Net reduction of shareholders' funds	(610,323)
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u><u>(610,323)</u></u>
Equity interests	<u><u>(610,323)</u></u>