

Company Registration No. SC053773 (Scotland)

**DAWNFRESH SEAFOODS LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE PERIOD ENDED 29 MARCH 2020**

# DAWNFRESH SEAFOODS LIMITED

## COMPANY INFORMATION

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**Directors**

A E H Salvesen CBE CA MBA (Chairman)	
H F Muir	
J C Young CA	
S Lamb	(Appointed 16 July 2019)
G Price	(Appointed 16 July 2019)
R D Salvesen	
W L Duncanson	(Appointed 20 August 2019)

**Secretary** H F Muir

**Company number** SC053773

**Registered office** Bothwell Park Industrial Estate  
Uddingston  
Glasgow  
G71 6LS

**Auditor** Johnston Carmichael LLP  
7-11 Melville Street  
Edinburgh  
EH3 7PE

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# DAWNFRESH SEAFOODS LIMITED

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# **DAWNFRESH SEAFOODS LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE PERIOD ENDED 29 MARCH 2020***

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The Directors present their strategic report for the period ended 29th March 2020 where a substantial step change improvement has been made in business performance compared with the previous year. While group turnover is broadly in line with the previous year gross margin has improved by 2.1% to 8.2% (LY 6.1%) and overhead costs reduced by £2.3m. Reported losses for the year were £(5.8)m from £(8.9)m in the prior year.

#### **Fair Review of the Business**

Reported group turnover for 2019/20 reduced by 0.9% to £72.4m, reflecting customer mix changes in UK retail and growth of the Export business. Sales to Export customers have grown by 26% against the prior year. In UK retail and B2B, the company saw a 5% reduction in sales. Gross profit was £5.9m from £4.5m in the previous year.

Over the course of 2019/20 the principal focus of the business was to drive benefit from the major investments made in the previous year across our processing facilities at Uddingston and Arbroath, expanding our customer base in export markets in preparation for a 20% increase in harvest output from our Farming operations, and to reduce overheads costs through the consolidation of our pickling operations at Grantown into the existing footprint at Arbroath whilst also reducing central management costs.

Post year end, the business faced the challenge of Covid-19. A Covid Response Team was mobilised with the main aim of protecting the health and safety of employees. A wide range of measures were implemented to ensure social distancing throughout the workplace and the majority of office staff transitioned to working from home. The impact on sales has varied in quantum across UK retail, B2B and export markets. Export markets have been most challenging with reduced air freight availability and increased costs.

#### **New Product Development**

Dawnfresh invest heavily in NPD with an extensive team of chefs, technologists and trend analysts to support existing customers as well as accessing new key customers. Key successes during the year include the onboarding of two new UK retail customers providing a further platform for our NPD team.

#### **Investment**

During the year we continued to invest in our fixed assets and working capital of both our farming and processing businesses, with prioritisation based on regulatory compliance, health and safety and projects achieving minimum payback criteria. Asset investment totalled £2.2m in the year, evenly distributed between our farming and processing operations.

Within farming we continued to invest in our people and fish husbandry and welfare standards to remain the largest global supplier of Scottish Loch Trout. Turnover associated with our trout farms grew by 2.5% in the year. Notable investment included the purchase of a boat and equipment to measurably improve harvesting operations at Loch Etive and investment to safeguard water quality at one of our juvenile sites.

Investment of £1.2m was made within our processing facilities. Payback investment was made into packaging automation, increasing throughput speed and quality and driving labour efficiencies.

#### **Our people**

We continue to invest in our people and build our employer brand within the locations we operate through reward, recognition and training. This has resulted in a diverse and motivated workforce where this investment has supported the significant business growth. The Group is committed to remuneration in line with the National Living Wage, and it also continues to be recognised for its investment in people. Dawnfresh Seafoods Limited currently holds Investors in People Silver award.

#### **Finance**

The Group has ambitious plans to grow, and with the continued support of its shareholders remains financially secure.

The Group has continued to diversify its sources of funding. Consequently, the Group enjoys a broader base of external finance providers and, with net external loans and borrowings of £6.2m, these are comfortably covered by the balance sheet net asset position of £19.9m.

# DAWNFRESH SEAFOODS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE PERIOD ENDED 29 MARCH 2020**

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### Description of Principal Risks and Uncertainties

- Ongoing impact of Covid 19. The company continues to take action to safeguard employees and to minimise disruption to the business. Sales trends and market data continue to be analysed to gain insight into changes in consumer behaviour.
- The Group's farms operate in a natural environment, where business performance can be potentially impacted by nature, in the form of weather patterns, as well as fish health risks. Our continued investment into equipment and high standards helps the company manage these natural risks. In addition, we continue to invest significantly in training and development for our staff, including graduate and NVQ programmes, to help us increase the wealth of skills and experience we already have with which to manage our business risk and opportunities.
- The Group operates in the highly competitive UK food sector as well as internationally. The company looks to mitigate market share and margin challenges by expanding its customer base, and by continued focus on providing its customers with consistently high quality products, combined with innovative new product development of added value products.

### Key Performance Indicators

The company uses a number of key performance indicators to measure and manage performance and progress. Of these the Directors consider turnover, gross profit, gross profit % and net profit/(loss) to be the most representative of the company's progress as defined below.

	2019/20	2018/19
	£'000	£'000
Turnover	72,369	73,034
Gross profit	5,943	4,474
GP%	8.2%	6.1%
Net (loss)	(5,760)	(8,914)

In addition to the KPI's above, the Directors internally monitor a suite of operational KPI's including, but not limited to, productivity, yields, revenue delivery, staff attendance, health and safety and environmental matters. The Directors are satisfied with the progress being made in these key areas.

### Section 172 statement

Section 172(1) of the Companies Act 2006 provides that a director of a company must act in a way that (s)he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests - below are the six key factors:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

### Stakeholder engagement

#### 1. Shareholders

Shareholders provide funds that help us run and grow our business and they expect a sustainable return.

Executive meetings are held weekly with our shareholder, focused on financial and trading updates. Formal chaired, minuted meetings are held monthly where strategic, operational and financial matters are reviewed and discussed, providing a platform for well-informed decision making.

# **DAWNFRESH SEAFOODS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 29 MARCH 2020***

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### **2. Customers**

Our customers are our lifeblood whom we value highly. They provide the opportunities which provides gainful employment for our people and a return for our shareholders.

Service to our customers is of prime importance, and our Account Managers systematically seek feedback on how we are performing. A large number of our customers have supplier performance reporting which covers order fulfilment, accuracy, timeliness, quality and consumer complaints.

We also interact with our customers through joint business plans, new product development, promotional planning and tendering.

### **3. Our people**

Our people provide the external services to our customers and support each other in that common goal. We are passionate about nurturing a highly motivated, well-trained, team-orientated workforce.

Health & Safety is of paramount importance in our business, with a significant emphasis on in house training and quality PPE. With the particular challenge of Covid 19 a significant number of changes have been made to safeguard our people and our most recent Employee Survey indicated that this had been recognised by our workforce .

### **4. Suppliers**

We fully support the collaboration with our suppliers as it reduces the risk in our supply chain and strengthens the platform from which we provide a service to our customers.

Regular meetings are held between our Procurement function and a number of key suppliers. Across the entire supply base, contact is maintained to optimise order quantities, delivery patterns and lead times. Discussions are also maintained to understand market price movements, particularly with raw ingredients, and similarly to understand latest developments in packaging innovation.

### **Future Developments**

The Directors consider that by continued focus on growing both its chilled seafood processing and fish farming businesses it will further enhance the reputation of the Dawnfresh Group with its customers and suppliers, and provide accelerated future growth and prosperity for the Group and its employees.

### **Thanks**

The Chairman and Directors would like to thank everyone at Dawnfresh for their continuing hard work, support and commitment during a further year of transition and transformation. We are confident that the continued success of the business developments and growth will deliver further improvement in the coming financial years.

On behalf of the board

A E H Salvesen CBE CA MBA (Chairman)

**Director**

25 March 2021

# DAWNFRESH SEAFOODS LIMITED

## DIRECTORS' REPORT

### *FOR THE PERIOD ENDED 29 MARCH 2020*

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The directors present their annual report and financial statements for the period ended 29 March 2020. The current period covers the period from 1 April 2019 to 29 March 2020. The comparative period covers the period from 26 March 2018 to 31 March 2019.

#### **Principal activities**

The principal activity of the company and group continued to be the production and sale of fish and seafood.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A E H Salvesen CBE CA MBA (Chairman)	
H F Muir	
J C Young CA	
R C Mcevoy	(Resigned 30 April 2020)
S Lamb	(Appointed 16 July 2019)
G Price	(Appointed 16 July 2019)
R D Salvesen	
W L Duncanson	(Appointed 20 August 2019)

#### **Results and dividends**

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

#### **Auditor**

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **DAWNFRESH SEAFOODS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 29 MARCH 2020***

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A E H Salvesen CBE CA MBA (Chairman)

**Director**

25 March 2021

# **DAWNFRESH SEAFOODS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 29 MARCH 2020**

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The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# DAWNFRESH SEAFOODS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DAWN FRESH SEAFOODS LIMITED

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#### Opinion

We have audited the financial statements of Dawnfresh Seafoods Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 29 March 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 29 March 2020 and of the group's 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **DAWNFRESH SEAFOODS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DAWN FRESH SEAFOODS LIMITED**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# **DAWNFRESH SEAFOODS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DAWN FRESH SEAFOODS LIMITED**

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### **Auditor's responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

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.

**David Holmes (Senior Statutory Auditor)**  
**for and on behalf of Johnston Carmichael LLP**

25 March 2021

**Chartered Accountants**  
**Statutory Auditor**

7-11 Melville Street  
Edinburgh  
EH3 7PE

# DAWNFRESH SEAFOODS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 29 MARCH 2020

	Notes	Period ended 29 March 2020 £	Period ended 31 March 2019 £
<b>Turnover</b>	<b>3</b>	72,369,419	73,033,888
Cost of sales		(66,425,997)	(68,560,132)
<b>Gross profit</b>		<u>5,943,422</u>	<u>4,473,756</u>
Distribution costs		(4,873,313)	(4,727,341)
Administrative expenses		(6,147,292)	(8,463,850)
Other operating income		403,945	263,316
Exceptional item	<b>4</b>	(339,418)	-
<b>Operating loss</b>	<b>5</b>	<u>(5,012,656)</u>	<u>(8,454,119)</u>
Interest payable and similar expenses	<b>9</b>	(747,224)	(459,478)
<b>Loss before taxation</b>		<u>(5,759,880)</u>	<u>(8,913,597)</u>
Tax on loss	<b>10</b>	-	-
<b>Loss for the financial period</b>	<b>24</b>	<u><u>(5,759,880)</u></u>	<u><u>(8,913,597)</u></u>

Loss for the financial period is all attributable to the owners of the parent company.

Total comprehensive expenditure for the period is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# DAWNFRESH SEAFOODS LIMITED

## GROUP BALANCE SHEET AS AT 29 MARCH 2020

	Notes	£	29 March 2020 £	£	31 March 2019 £
<b>Fixed assets</b>					
Goodwill	11		(51,751)		(62,102)
Other intangible assets	11		1,382,651		1,386,980
			<hr/>		<hr/>
Total intangible assets			1,330,900		1,324,878
Tangible assets	12		28,574,799		29,196,266
Investments	13		906		906
			<hr/>		<hr/>
			29,906,605		30,522,050
<b>Current assets</b>					
Stocks	15	11,706,202		11,973,248	
Debtors	16	4,760,383		6,541,505	
Cash at bank and in hand		2,176,622		1,661,239	
		<hr/>		<hr/>	
		18,643,207		20,175,992	
<b>Creditors: amounts falling due within one year</b>	17	(14,553,506)		(14,560,874)	
		<hr/>		<hr/>	
<b>Net current assets</b>			4,089,701		5,615,118
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			33,996,306		36,137,168
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	18	(14,054,320)		(10,435,302)	
		<hr/>		<hr/>	
<b>Net assets</b>			19,941,986		25,701,866
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	23		107,750,000		107,750,000
Share premium account	24		83,200		83,200
Profit and loss reserves	24		(87,891,214)		(82,131,334)
			<hr/>		<hr/>
<b>Total equity</b>			19,941,986		25,701,866
			<hr/> <hr/>		<hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 25 March 2021 and are signed on its behalf by:

A E H Salvesen CBE CA MBA (Chairman)  
**Director**

# DAWNFRESH SEAFOODS LIMITED

## COMPANY BALANCE SHEET

AS AT 29 MARCH 2020

	Notes	£	29 March 2020 £	£	31 March 2019 £
<b>Fixed assets</b>					
Goodwill	11		(51,752)		(62,103)
Other intangible assets	11		1,382,651		1,386,980
			<hr/>		<hr/>
Total intangible assets			1,330,899		1,324,877
Tangible assets	12		13,559,023		14,179,947
Investments	13		21,973,109		21,973,109
			<hr/>		<hr/>
			36,863,031		37,477,933
<b>Current assets</b>					
Stocks	15	1,840,277		1,762,473	
Debtors	16	15,218,025		14,328,326	
Cash at bank and in hand		984,761		1,661,239	
		<hr/>		<hr/>	
		18,043,063		17,752,038	
<b>Creditors: amounts falling due within one year</b>	17		(7,176,919)		(6,445,672)
			<hr/>		<hr/>
<b>Net current assets</b>			10,866,144		11,306,366
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			47,729,175		48,784,299
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	18		(12,656,644)		(9,478,891)
			<hr/>		<hr/>
<b>Net assets</b>			35,072,531		39,305,408
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	23		107,750,000		107,750,000
Share premium account	24		83,200		83,200
Profit and loss reserves	24		(72,760,669)		(68,527,792)
			<hr/>		<hr/>
<b>Total equity</b>			35,072,531		39,305,408
			<hr/> <hr/>		<hr/> <hr/>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the period was £4,232,877 (2019 - £6,210,081 loss).

The financial statements were approved by the board of directors and authorised for issue on 25 March 2021 and are signed on its behalf by:

A E H Salvesen CBE CA MBA (Chairman)  
**Director**

**Company Registration No. SC053773**

# DAWNFRESH SEAFOODS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 MARCH 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 26 March 2018</b>		100,750,000	83,200	(73,217,737)	27,615,463
<b>Period ended 31 March 2019:</b>					
Loss and total comprehensive expenditure for the period		-	-	(8,913,597)	(8,913,597)
Issue of share capital	<b>23</b>	7,000,000	-	-	7,000,000
<b>Balance at 31 March 2019</b>		107,750,000	83,200	(82,131,334)	25,701,866
<b>Period ended 29 March 2020:</b>					
Loss and total comprehensive expenditure for the period		-	-	(5,759,880)	(5,759,880)
<b>Balance at 29 March 2020</b>		107,750,000	83,200	(87,891,214)	19,941,986

# DAWNFRESH SEAFOODS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 MARCH 2020

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	Share capital	Share premium account	Profit and loss reserves	Total
Notes	£	£	£	£
<b>Balance at 26 March 2018</b>	100,750,000	83,200	(62,317,711)	38,515,489
<b>Period ended 31 March 2019:</b>				
Loss and total comprehensive expenditure for the period	-	-	(6,210,081)	(6,210,081)
Issue of share capital	<b>23</b> 7,000,000	-	-	7,000,000
<b>Balance at 31 March 2019</b>	107,750,000	83,200	(68,527,792)	39,305,408
<b>Period ended 29 March 2020:</b>				
Loss and total comprehensive expenditure for the period	-	-	(4,232,877)	(4,232,877)
<b>Balance at 29 March 2020</b>	107,750,000	83,200	(72,760,669)	35,072,531

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# DAWNFRESH SEAFOODS LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 29 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	29		(223,275)		(7,122,996)
Interest paid			(747,224)		(459,478)
			<u>          </u>		<u>          </u>
<b>Net cash outflow from operating activities</b>			(970,499)		(7,582,474)
<b>Investing activities</b>					
Purchase of intangible assets		(171,104)		(615,437)	
Purchase of tangible fixed assets		(1,008,254)		(7,343,953)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			(1,179,358)		(7,959,390)
<b>Financing activities</b>					
Proceeds from issue of shares		-		7,000,000	
Proceeds from other borrowings		3,500,000		8,700,000	
Repayment of other borrowings		(222,103)		(158,164)	
Net movement on other short term borrowings		1,793		65,318	
Payment of finance leases obligations		(550,003)		(662,185)	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from financing activities</b>			2,729,687		14,944,969
			<u>          </u>		<u>          </u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			579,830		(596,895)
Cash and cash equivalents at beginning of period			(1,787,850)		(1,190,955)
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of period</b>			(1,208,020)		(1,787,850)
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Cash at bank and in hand			2,176,622		1,661,239
Bank overdrafts included in creditors payable within one year			(3,384,642)		(3,449,089)
			<u>          </u>		<u>          </u>

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 29 MARCH 2020

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#### 1 Accounting policies

##### Company information

Dawnfresh Seafoods Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Bothwell Park Industrial Estate, Uddingston, Glasgow, G71 6LS.

The group consists of Dawnfresh Seafoods Limited and all of its subsidiaries.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102 and has taken advantage of the exemption available from the requirement to present a company only cash flow statement and related notes and disclosures.

##### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Dawnfresh Seafoods Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 29 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group will continue to have access to adequate resources to continue in operational existence for the foreseeable future, including support from its shareholder to fund the business. In making this assessment, the directors have taken into account the impact of Covid-19 on the business to date and their view on its likely future impact. The directors recognise that forecasts are by nature future looking and therefore may vary from actual results. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 29 MARCH 2020**

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### 1 Accounting policies

(Continued)

#### 1.4 Turnover

Turnover principally represents amounts received or receivable for the sale of fish and seafood.

Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover is stated net of trade discounts, settlement discounts and volume rebates.

#### 1.5 Intangible fixed assets - goodwill

##### Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between 10 and 20 years.

Negative goodwill is credited to the statement of comprehensive income in the period the relevant assets are recovered, whether through depreciation, disposal or other method.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

##### Fish farm leases

FRS 102 prevents leases and associated rights over areas of loch from being carried at fair value. This is because the volume of sale transactions is insufficient to qualify as an active market for valuation purposes. As a result, these assets had no value ascribed to them in the group's balance sheet. However, with the difficulty and cost of acquiring new sites being high, the directors are satisfied that there is significant value attached to these assets.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	10 years straight line
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#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 MARCH 2020

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#### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	25 to 50 years straight line
Plant and equipment	3 to 15 years straight line
Motor vehicles	5 years straight line
Vessels and engines	5 to 25 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

Included within land and buildings is land of £3,108,412 which is not depreciated.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 29 MARCH 2020**

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### **1 Accounting policies**

**(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **1.10 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises all direct costs and an appropriate proportion of fixed and variable overheads that have been incurred in bringing the stocks to their present location and condition.

Costs of fish stock relating to mortalities are expensed to the statement of comprehensive income as they occur. The cost is based on a normal production level.

Raw materials excluding live stocks are calculated using the first in, first out basis.

Work in progress and finished goods are calculated on a standard cost basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

#### **1.11 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.12 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include certain debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including certain creditors and other loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 29 MARCH 2020**

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### **1 Accounting policies**

**(Continued)**

#### **1.18 Grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

R&D tax credits are also recognised at the fair value of the asset received or receivable when there is reasonable assurance that claims will be successful. R&D tax credits are recognised in other operating income.

Grants towards capital expenditure are credited to deferred income and are released to the statement of comprehensive income over the expected useful life of the assets. Grants towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

#### **1.19 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 29 MARCH 2020

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#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Going concern**

In making their going concern assessment, the Directors recognise that forecasts are by nature future looking and therefore may vary from actual results.

##### **Tangible fixed assets - useful life and impairment (2020: £28.6m (2019: £29.2m))**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Related to this is the period over which government grant income is recognised where it relates to capital expenditure.

Where there are indicators of impairment of individual assets, impairment tests are performed. These are based on a calculation of either fair value less costs to sell or value in use. Fair value is based on available data from a similar arms length sales transaction or similar observable market data for comparable assets. Value in use is based on a discounted cash flow model based on the budgeted cash flows for significant cash generating units. Due care is taken in determining the discount rate which can have a significant impact on the recoverable amount attributable to an asset.

##### **Valuation of stock (2020: £11.7m (2019: £12m))**

The nature of the fish stocks means that the volume of biological assets at any point in time is an estimate. Sampling techniques are used to monitor average fish size which is then extrapolated over the total biomass in the water to determine growth and therefore an estimate of volume. Technical monitoring equipment is used to review average fish size at high biomass sites on a daily basis. Mortalities are removed and the resultant cost charged to the statement of comprehensive income on an ongoing basis. Whilst uncertainty is inherent deviations from expected volume at the point of harvest are monitored and found to be relatively accurate.

Other stocks of work in progress and finished goods are valued on a standard cost basis incorporating a proportion of fixed and variable overheads. There is an element of estimation involved in the costing of inventory due to potential for variability in the actual cost of production compared to the standard cost of production. Testing is carried out periodically to ensure that the cost of inventory is not in excess of its net realisable value.

##### **Provision for bad and doubtful debts (based on gross trade debtor balances of £3m (2019:**

**£4.8m))** The requirement for any provision for bad debts is based on an assessment of the objective evidence available suggesting that a debtor may not be recoverable. Although due care is applied to this process there is an element of subjectivity involved.

##### **Carrying value of investments (company only 2020: £22m (2019: £22m))**

There are estimates, assumptions and judgements relating to the determination of carrying value of unlisted investments. In determining this amount, the Group considers whether fair value can be assigned and if so this is based on the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. Where fair value cannot be reliably measured the asset is carried at cost less any provision for impairment. Judgements are required in determining any impairment provision to be applied. The nature, facts and circumstance of the investment drives the valuation methodology.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Sale of fish and seafood	72,369,419	73,033,888
	<u>72,369,419</u>	<u>73,033,888</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Grants received	45,869	42,078
R&D Tax credit	258,920	170,728
	<u>304,789</u>	<u>312,806</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
UK	57,957,189	61,137,729
Non UK	14,412,230	11,896,159
	<u>72,369,419</u>	<u>73,033,888</u>

### 4 Exceptional costs

	2020 £	2019 £
Exceptional costs	339,418	-
	<u>339,418</u>	<u>-</u>

Exceptional items are costs incurred during a re-structure of the group, largely in relation to redundancy costs.

### 5 Operating loss

	2020 £	2019 £
Operating loss for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(35,494)	27,259
R&D tax credits	(358,076)	(170,728)
Government grants	(45,869)	(42,078)
Depreciation of owned tangible fixed assets	2,537,017	2,191,202
Depreciation of tangible fixed assets held under finance leases	210,749	191,260
Loss on disposal of tangible fixed assets	12,130	67,076
Amortisation of intangible assets	165,082	120,318
Cost of stocks recognised as an expense	46,529,193	47,903,259
Stocks impairment losses recognised or reversed	29,206	635,902
Operating lease charges	609,329	560,659
	<u>46,990,236</u>	<u>50,148,857</u>

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MARCH 2020

### 6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	51,350	45,750
<b>For other services</b>		
Taxation compliance services	7,500	7,500
All other non-audit services	3,501	8,675
	11,001	16,175

### 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration and support	133	145	93	106
Production	504	490	284	278
	637	635	377	384

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	14,745,530	15,257,545	9,131,166	9,982,856
Social security costs	1,223,528	1,337,345	777,559	901,226
Pension costs	558,120	501,251	385,236	352,318
	16,527,178	17,096,141	10,293,961	11,236,400

### 8 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	834,090	1,129,831
Company pension contributions to defined contribution schemes	107,793	124,328
	941,883	1,254,159

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 8 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2019 - 6).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	149,363	405,006
Company pension contributions to defined contribution schemes	14,000	-
	<u>163,363</u>	<u>405,006</u>

### 9 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	556,095	320,817
Interest on finance leases and hire purchase contracts	79,867	59,477
Other interest on financial liabilities	96,233	79,184
	<u>732,195</u>	<u>459,478</u>
<b>Other finance costs:</b>		
Other interest	15,029	-
	<u>15,029</u>	<u>-</u>
Total finance costs	<u>747,224</u>	<u>459,478</u>

### 10 Taxation

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	97,778	(469,703)
Tax losses carried forward	(96,649)	452,457
Other adjustments	(1,129)	17,246
	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 10 Taxation

(Continued)

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(5,759,880)	(8,913,597)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,094,377)	(1,693,583)
Tax effect of expenses that are not deductible in determining taxable profit	171,438	202,853
Tax effect of income not taxable in determining taxable profit	(87,096)	(64,353)
Change in unrecognised deferred tax assets	1,037,502	1,600,703
Research and development tax credit	(31,918)	(46,321)
Other differences	4,451	701
Taxation charge	-	-

### 11 Intangible fixed assets

Group	Negative Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 April 2019	(4,930,102)	1,561,145	(3,368,957)
Additions - separately acquired	-	171,104	171,104
At 29 March 2020	(4,930,102)	1,732,249	(3,197,853)
<b>Amortisation and impairment</b>			
At 1 April 2019	(4,868,000)	174,165	(4,693,835)
Amortisation charged for the period	(10,351)	175,433	165,082
At 29 March 2020	(4,878,351)	349,598	(4,528,753)
<b>Carrying amount</b>			
At 29 March 2020	(51,751)	1,382,651	1,330,900
At 31 March 2019	(62,102)	1,386,980	1,324,878

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 11 Intangible fixed assets

(Continued)

Company	Negative Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 April 2019	(150,232)	1,561,145	1,410,913
Additions - separately acquired	-	171,104	171,104
At 29 March 2020	(150,232)	1,732,249	1,582,017
<b>Amortisation and impairment</b>			
At 1 April 2019	(88,129)	174,165	86,036
Amortisation charged for the period	(10,351)	175,433	165,082
At 29 March 2020	(98,480)	349,598	251,118
<b>Carrying amount</b>			
At 29 March 2020	(51,752)	1,382,651	1,330,899
At 31 March 2019	(62,103)	1,386,980	1,324,877

Included within the carrying value of negative goodwill at 29 March 2020 is positive goodwill of £32,738 (2019: £39,285). This applies to both group and company.

### 12 Tangible fixed assets

Group	Land and buildings Freehold £	Plant and equipment £	Motor vehicles £	Vessels and engines £	Total £
<b>Cost</b>					
At 1 April 2019	15,614,164	29,211,281	231,396	2,416,436	47,473,277
Additions	42,301	1,402,417	18,250	701,501	2,164,469
Disposals	-	(38,170)	(21,099)	-	(59,269)
At 29 March 2020	15,656,465	30,575,528	228,547	3,117,937	49,578,477
<b>Depreciation and impairment</b>					
At 1 April 2019	3,595,241	13,977,553	224,474	479,743	18,277,011
Depreciation charged in the period	352,355	2,144,412	9,790	241,209	2,747,766
Eliminated in respect of disposals	-	-	(21,099)	-	(21,099)
At 29 March 2020	3,947,596	16,121,965	213,165	720,952	21,003,678
<b>Carrying amount</b>					
At 29 March 2020	11,708,869	14,453,563	15,382	2,396,985	28,574,799
At 31 March 2019	12,018,923	15,233,728	6,922	1,936,693	29,196,266

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 12 Tangible fixed assets (Continued)

Company	Land and buildings Freehold £	Plant and equipment £	Total £
<b>Cost</b>			
At 1 April 2019	8,729,795	16,941,538	25,671,333
Additions	-	614,890	614,890
At 29 March 2020	8,729,795	17,556,428	26,286,223
<b>Depreciation and impairment</b>			
At 1 April 2019	2,946,147	8,545,239	11,491,386
Depreciation charged in the period	181,109	1,054,705	1,235,814
At 29 March 2020	3,127,256	9,599,944	12,727,200
<b>Carrying amount</b>			
At 29 March 2020	5,602,539	7,956,484	13,559,023
At 31 March 2019	5,783,648	8,396,299	14,179,947

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and equipment	1,639,054	1,754,343	1,357,233	1,512,206
Motor vehicles	16,120	-	-	-
Vessels and engines	1,183,128	559,800	-	-
	2,838,302	2,314,143	1,357,233	1,512,206
Depreciation charge for the period in respect of leased assets	210,749	191,260	149,632	142,156

### 13 Fixed asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Notes				
Investments in subsidiaries	-	-	21,972,203	21,972,203
Unlisted investments	906	906	906	906
	906	906	21,973,109	21,973,109

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 13 Fixed asset investments

(Continued)

The company's investment in its subsidiaries is stated at historic cost, which is the lower of cost and the directors' estimate of its net recoverable value. Whilst the aggregate net assets of the company's subsidiaries are lower than the carrying value of the investment, the directors believe that the investment is fairly stated at cost.

#### Movements in fixed asset investments Group

Investments  
other than  
loans  
£

#### Cost or valuation

At 1 April 2019 and 29 March 2020

906

#### Carrying amount

At 29 March 2020

906

At 31 March 2019

906

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings

Other  
investments  
other than  
loans

Total

£

£

£

#### Cost or valuation

At 1 April 2019 and 29 March 2020

22,439,663

906

22,440,569

#### Impairment

At 1 April 2019 and 29 March 2020

467,460

-

467,460

#### Carrying amount

At 29 March 2020

21,972,203

906

21,973,109

At 31 March 2019

21,972,203

906

21,973,109

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 14 Subsidiaries

Details of the company's subsidiaries at 29 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Daniel's Sweet Herring Limited	See below	Dormant	Ordinary	100.00	0
Dawnfresh Farming Limited	See below	Fish farming and sales	Ordinary	100.00	0
R R Spink & Sons (Arbroath) Limited	See below	Processing, packaging fresh fish and seafoods	Ordinary and preference	100.00	0
Scot Trout Farming Limited	See below	Dormant	Ordinary	0	100.00
Scot Trout Limited	See below	Dormant	Ordinary	100.00	0

The registered office of all subsidiaries is Bothwell Park Industrial Estate, Uddingston, Lanarkshire, G71 6LS.

### 15 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Fish livestocks	8,713,096	8,840,647	-	-
Raw materials and consumables	1,147,292	1,063,287	927,252	869,432
Work in progress	738,247	871,431	738,247	871,431
Finished goods and goods for resale	1,107,567	1,197,883	174,778	21,610
	<u>11,706,202</u>	<u>11,973,248</u>	<u>1,840,277</u>	<u>1,762,473</u>

#### Reconciliation of fish stocks

Opening fish stocks at 1 April 2019	8,840,647
Purchases and capitalisation of costs	16,672,373
Decreases due to harvests	(15,593,080)
Decreases due to other changes	(1,206,844)
Closing fish stocks at 29 March 2020	<u>8,713,096</u>

### 16 Debtors

Amounts falling due within one year:	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	3,057,982	4,754,271	2,833,825	4,180,936
Amounts due from fellow group undertakings	-	-	11,559,900	8,835,518
Other debtors	1,702,401	1,787,234	824,300	1,311,872
	<u>4,760,383</u>	<u>6,541,505</u>	<u>15,218,025</u>	<u>14,328,326</u>

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 16 Debtors

(Continued)

Trade debtors are stated after provision for impairment of £7,860 (2019: £30,192 ).

### 17 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	19	3,384,642	3,449,089	1,130,786	-
Obligations under finance leases	20	585,275	752,855	377,924	359,109
Other borrowings	19	2,049,060	1,618,998	1,527,072	1,457,399
Trade creditors		5,545,749	5,997,081	2,765,446	3,199,110
Other taxation and social security		345,215	372,865	253,346	288,716
Other creditors		1,788,300	1,747,990	1,122,345	1,141,338
Accruals and deferred income		855,265	621,996	-	-
		<u>14,553,506</u>	<u>14,560,874</u>	<u>7,176,919</u>	<u>6,445,672</u>

Obligations under finance leases are secured over the assets to which they relate.

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Obligations under finance leases	20	732,093	659,227	622,082	625,466
Other borrowings	19	13,124,116	9,606,351	12,034,562	8,853,425
Government grants	21	198,111	169,724	-	-
		<u>14,054,320</u>	<u>10,435,302</u>	<u>12,656,644</u>	<u>9,478,891</u>

Obligations under finance leases are secured over the assets to which they relate.

### 19 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank overdrafts	3,384,642	3,449,089	1,130,786	-
Other loans	15,173,176	11,225,349	13,561,634	10,310,824
	<u>18,557,818</u>	<u>14,674,438</u>	<u>14,692,420</u>	<u>10,310,824</u>
Payable within one year	5,433,702	5,068,087	2,657,858	1,457,399
Payable after one year	13,124,116	9,606,351	12,034,562	8,853,425
	<u>18,557,818</u>	<u>14,674,438</u>	<u>14,692,420</u>	<u>10,310,824</u>

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MARCH 2020

### 19 Loans and overdrafts

(Continued)

The bank overdraft is secured by a bond and floating charge over the assets of the group.

Other loans represent supplier finance balances, marine mortgages, shareholder loans and loans received from other related parties. Marine mortgages of £1,379,422 (2019 - £914,525) are secured against the underlying vessels to which the loans relate.

### 20 Finance lease obligations

	<b>Group 2020</b>	<b>2019</b>	<b>Company 2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:				
Within one year	585,275	752,855	377,924	359,109
In two to five years	732,093	659,227	622,082	625,466
	<u>1,317,368</u>	<u>1,412,082</u>	<u>1,000,006</u>	<u>984,575</u>

Finance lease payments represent rentals payable by the company or group for certain assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 21 Government grants

	<b>Group 2020</b>	<b>2019</b>	<b>Company 2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Arising from government grants	198,111	169,724	-	-
	<u>198,111</u>	<u>169,724</u>	<u>-</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

Non-current liabilities	198,111	169,724	-	-
	<u>198,111</u>	<u>169,724</u>	<u>-</u>	<u>-</u>

### 22 Retirement benefit schemes

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Charge to statement of comprehensive income in respect of defined contribution schemes	558,120	501,251
	<u>558,120</u>	<u>501,251</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 29 MARCH 2020

### 23 Share capital

	Group and company	
	2020	2019
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
31,200,000 Ordinary shares of £1 each	31,200,000	31,200,000
28,000,000 B Ordinary shares of £1 each	28,000,000	28,000,000
	<u>59,200,000</u>	<u>59,200,000</u>
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
48,550,000 Preference shares of £1 each	48,550,000	48,550,000
	<u>48,550,000</u>	<u>48,550,000</u>

B Ordinary shares have no voting rights attached. Preference shares have no voting rights attached except on the proposal of certain resolutions to either wind up the company or to vary the rights of the Preference shares.

### 24 Reserves

#### Share premium

Share premium represents amounts received for equity instruments in excess of their par value.

#### Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income/(expenditure) for the year and prior periods less dividends paid.

### 25 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	287,429	269,794	53,819	54,945
Between two and five years	670,600	725,249	69,760	109,334
In over five years	381,918	489,180	-	-
	<u>1,339,947</u>	<u>1,484,223</u>	<u>123,579</u>	<u>164,279</u>

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	<b>Group 2020 £</b>	<b>2019 £</b>	<b>Company 2020 £</b>	<b>2019 £</b>
Acquisition of tangible fixed assets	22,383	-	-	-

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	<b>2020 £</b>	<b>2019 £</b>
Aggregate compensation	1,138,585	1,864,237

#### Transactions with related parties

During the period the group entered into the following transactions with related parties:

	<b>Loans received from related parties</b>		<b>Costs paid on behalf of related parties</b>	
	<b>2020 £</b>	<b>2019 £</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Group</b>				
Persons with control, joint control of significant influence over the group	3,500,000	4,700,000	-	-
Other related parties	-	4,000,000	711,034	623,604
<b>Company</b>				
Persons with control, joint control of significant influence over the group	3,500,000	4,700,000	-	-
Other related parties	-	4,000,000	711,034	623,604

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 27 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Persons with control, joint control of significant influence over the group	8,175,000	4,700,000
Other related parties	4,159,562	4,153,425
	<u>          </u>	<u>          </u>
<b>Company</b>		
Persons with control, joint control of significant influence over the group	8,175,000	4,700,000
Other related parties	4,159,562	4,153,425
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

<b>Amounts due from related parties</b>	<b>2020</b>	<b>2019</b>
	<b>Balance</b>	<b>Balance</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Other related parties	17,223	44,140
	<u>          </u>	<u>          </u>
<b>Company</b>		
Other related parties	17,223	44,140
	<u>          </u>	<u>          </u>

### 28 Controlling party

The group and company's ultimate parent company is Dawnfresh Holdings Limited.

The ultimate controlling party is A E H Salvesen CBE CA MBA.

# DAWNFRESH SEAFOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 29 MARCH 2020

### 29 Cash generated from group operations

	2020 £	2019 £
Loss for the period after tax	(5,759,880)	(8,913,597)
Adjustments for:		
Finance costs	747,224	459,478
Loss on disposal of tangible fixed assets	-	67,076
Amortisation and impairment of intangible assets	165,082	120,318
Depreciation and impairment of tangible fixed assets	2,747,766	2,382,462
Movements in working capital:		
Decrease/(increase) in stocks	267,046	(1,567,180)
Decrease/(increase) in debtors	1,781,122	(1,004,403)
(Decrease)/increase in creditors	(200,022)	1,321,636
Increase in deferred income	28,387	11,214
<b>Cash absorbed by operations</b>	<u>(223,275)</u>	<u>(7,122,996)</u>

### 30 Analysis of changes in net debt

	2020 £
<b>Opening net debt</b>	
Cash and cash equivalents	(1,787,850)
Loans	(11,225,349)
Obligations under finance leases	(1,412,082)
	<u>(14,425,281)</u>
<b>Changes in net debt arising from:</b>	
Cash flows of the entity	(4,390,572)
Other non-cash changes	1,117,289
	<u>(17,698,564)</u>
Closing net debt as analysed below	<u>(17,698,564)</u>
<b>Closing net debt</b>	
Cash and cash equivalents	(1,208,020)
Loans	(15,173,176)
Obligations under finance leases	(1,317,368)
	<u>(17,698,564)</u>

