

LANDCATCH LIMITED

ABBREVIATED REPORT AND ACCOUNTS

DECEMBER 31, 2008

THURSDAY



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24/12/2009

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COMPANIES HOUSE

Registered number:  
SC060156

## LANDCATCH LIMITED

### DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended December 31, 2008.

#### Results and dividends

The trading profit for the year, after taxation, amounted to £24,000. The directors do not recommend the payment of an ordinary dividend, and therefore this retained profit has been transferred to reserves.

#### Review of the Business

The company's principal activities are salmon breeding and the production of salmon eggs, parr and smolts.

Whilst the production and quality of the stocks grown by it continues to improve, the company's financial performance has again been severely impacted by ongoing disease issues which afflict the company's markets within the aquaculture industry.

The announcement of further isolates of ISA in Shetland, and the creation of exclusion zones, in January 2009, shortly before the scheduled delivery of S1 smolts in Spring 2009, resulted in the cancellation of a contract, which is currently subject to legal action, and the inability to place other available product. As a consequence, significant numbers of smolts held at the year-end had to be culled, and the financial implications of this have been reflected in the 2008 Financial Statements.

With the ongoing difficulties that were being experienced within the aquaculture industry, the decision was taken to align future production outputs with contractual order commitments from customers. As a consequence, some facilities have been temporarily closed and output reduced for the short-term.

Ongoing disease issues also continue to be experienced in the Chilean market place, with demand for both imported and national juvenile product being significantly reduced from that which had occurred in previous years. Trading difficulties are likely to continue in Chile for a further few years, and therefore the strategic decision was taken to exit from direct involvement in Chile. As a consequence, the company's investment in its joint venture interest, Landcatch Chile SA, was sold at full value to a privately owned Chilean company in October 2010.

## LANDCATCH LIMITED

### DIRECTORS' REPORT

(continued)

#### Directors and their interests

The directors who served during the year were as follows:-

H.M. Currie, Chairman  
D. Fulton  
J.F. Lithgow  
N.J. Manchester  
Professor R.J. Roberts  
A.A. Stewart  
A.W.C. Wishart

J.F. Lithgow and R.J. Roberts retire by rotation and, being eligible, offer themselves for re-election.

No director, who was not also a director of the holding company, held any interest in the shares of the company or any other group company during the year.

#### Directors' responsibilities for the financial statements

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

## **LANDCATCH LIMITED**

### **DIRECTORS' REPORT**

(continued)

#### **Directors' responsibilities for the financial statements (continued)**

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Financial risk management objectives and policies**

The company's operations expose it to a variety of financial risks. The group, of which the company is a member, has a risk management programme that seeks to limit the adverse effects of the financial performance of the group by monitoring the level of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

##### *Credit risk*

The group has implemented a policy that requires credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to authorisation limits and procedures delegated to company management by the group board, and is subject to regular review.

##### *Liquidity risk*

The group maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for its operations at an acceptable cost.

The company participates in funding arrangements within the Lithgow Group of companies. The group has recently prepared trading projections for the three year period through to December 2012. In addition, it has agreed a level of facilities with its main bankers which will enable funding to be in place during this period which should be adequate to meet the group's requirements as laid out in these projections. On this basis, the directors are satisfied that they can continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### *Interest rate cash flow risk*

The group has both interest bearing assets and liabilities. The interest bearing assets only include cash balances. The group has a policy of maintaining debt at both fixed and floating rates, thereby enabling the group to benefit from any reduction in interest rates whilst still maintaining an element of certainty over the future interest cash flows. The group board will regularly review the appropriateness of this policy.

**LANDCATCH LIMITED****DIRECTORS' REPORT**

(continued)

**Auditors**

A resolution to reappoint Grant Thornton UK LLP as auditors in accordance with Section 385 of the Companies Act 1985 will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'D. Fulton', with a long horizontal flourish extending to the right.

D. FULTON  
Director & Company Secretary

December 22, 2009

**REPORT OF THE INDEPENDENT AUDITORS TO  
LANDCATCH LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts of Landcatch Limited on pages 7 to 24 together with the full financial statements of Landcatch Limited prepared under section 226 of the Companies Act 1985 for the year ended December 31, 2008.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special auditors' 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, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver to the Registrar of Companies abbreviated accounts prepared in accordance with sections 246(5) and 246(6) of the Act, and whether the abbreviated accounts have been properly prepared in accordance with those provisions, and report to you our opinion.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3, "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts, and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with the provision of sections 246(5) and 246(6) of the Companies Act 1985 and the abbreviated accounts on pages 7 to 24 which have been properly prepared in accordance with those provisions.

  
GRANT THORNTON UK LLP  
Registered Auditors  
Chartered Accountants  
Glasgow

December 22, 2009

**LANDCATCH LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Notes</u>	<u>2008</u> £'000	<u>2007</u> £'000
Gross profit		867	1,905
Other operating income and charges	3	(911) -----	(762) -----
Operating (loss) / profit	4	(44)	1,143
Share of operating profit of joint venture	9	27 -----	61 -----
		(17)	1,204
Net interest	6	65 -----	2 -----
Profit on ordinary activities before taxation		48	1,206
Taxation on profit on ordinary activities	7	(24) -----	(10) -----
Profit for the financial year	17	24 =====	1,196 =====

The accompanying accounting policies and notes form an integral part  
of these financial statements.

**LANDCATCH LIMITED****ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008</u> £'000	<u>2007</u> £'000
Profit for the year	24	1,196
Exchange differences on foreign currency net investment	414	247
Total recognised gains and losses for the year	<u>438</u>	<u>1,443</u>

The accompanying accounting policies and notes form an integral part  
of these financial statements.



**LANDCATCH LIMITED****ABBREVIATED BALANCE SHEET AT DECEMBER 31, 2008**

	<u>Notes</u>	<u>2008</u> £'000	<u>2007</u> £'000
Fixed assets:			
Tangible assets	8	984	605
Investments:			
Subsidiary undertakings	9a	1,350	1,350
Investments in partnerships	9a	2	2
Joint venture	9b	2,807	2,390
		-----	-----
		5,143	4,347
Current assets:			
Stocks	10	827	1,692
Debtors: amounts falling due within one year	11	3,017	3,027
Debtors: amounts falling due outwith one year	11	2,843	791
Cash at bank and in hand		4	1
		-----	-----
		6,691	5,511
Creditors: amounts falling due within one year	12	(7,481)	(5,928)
		-----	-----
Net current liabilities		(790)	(417)
		-----	-----
Total assets less current liabilities		4,353	3,930
Creditors: amounts falling due after more than one year	13	(23)	(39)
Accruals and deferred income			
Deferred grants	15	(52)	(51)
		-----	-----
		4,278	3,840
		=====	=====
Capital and reserves:			
Called up share capital	16	5,000	5,000
Share premium account	17	497	497
Capital redemption reserve	17	833	833
Profit and loss account	17	(2,052)	(2,490)
		-----	-----
		4,278	3,840
		=====	=====

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies. The abbreviated accounts were approved by the Board of Directors on December 22, 2009.

*H.M. Currie*

H.M. Currie Director

*D. Fulton*

D. Fulton Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Registered Number : SC060156

**LANDCATCH LIMITED****ABBREVIATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Notes</u>	<u>2008</u> £'000	<u>2007</u> £'000
Net cash inflow from operating activities	19	576	1,086
		-----	-----
Returns on investments and servicing of finance			
Interest received		306	149
Loan interest		(234)	(141)
Other interest paid		(4)	(2)
Interest paid on hire purchase contracts		(3)	(4)
		-----	-----
Net cash inflow from returns on investments and servicing of finance		65	2
		-----	-----
Capital expenditure			
Purchase of tangible fixed assets		(474)	(162)
Sale of tangible fixed assets		1	-
Receipt of grant		30	8
		-----	-----
Net cash outflow from capital expenditure		(443)	(154)
		-----	-----
Financing			
Loan capital repaid		-	(1,750)
Capital element of finance lease rentals and hire purchase contracts	14	(16)	(12)
		-----	-----
Net cash outflow from financing		(16)	(1,762)
		-----	-----
Increase/(decrease) in cash	20	182	(828)
		=====	=====

The accompanying accounting policies and notes form an integral part of these financial statements.

## **LANDCATCH LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

The principal accounting policies of the company have remained unchanged from the previous year, and are outlined below.

#### **1. Accounting policies**

##### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention, and in accordance with the Companies Act 1985 and applicable UK accounting standards.

##### **Depreciation**

Fixed assets are stated at cost or valuation. Depreciation is calculated to write off the cost or valuation of each fixed asset, by equal annual instalments over its estimated useful life as follows:-

Buildings	- 4%-10%
Plant and machinery	- 6%-25%
Furniture and fittings	- 10%-20%
Computer equipment	- 50%
Motor vehicles	- 25%

The carrying values of tangible assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Investments**

Investments are stated at cost less amounts written off.

##### **Investment in joint ventures**

Investments in joint ventures are carried in the balance sheet at the share of their net assets at the date of acquisition and of their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of any amortisation. The investor's share of the results is included within the profit and loss account. The profit and loss account also shows the share of the joint venture's turnover.

When the share of losses in a joint venture equals or exceeds its interest in the undertaking, the investor continues to recognise those losses until an irrevocable event occurs that marks the investor's irreversible withdrawal from its investee as a joint venture.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value as follows:-

Cost is actual purchase cost, feeding costs, attributable labour and production overheads, based on a normal activity level less an allowance for mortalities during the growth cycle.

Net realisable value is based on estimated selling prices less estimated selling costs.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008** (continued)1. Accounting policies (continued)Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful life.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profit and loss on a straight line basis over the term of the lease.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Foreign currencies

Transactions in foreign currencies during the year are converted into sterling at the rates ruling at the dates of the transactions. Assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Unrealised gains and losses on translation of the assets, liabilities, profits and reserves of the overseas joint venture are dealt with as reserve movements, and other exchange differences are taken to the profit and loss account.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**1. Accounting policies** (continued)**Retirement benefits**

The company participates in a defined contribution pension scheme, and the pension costs charged against operating profits are the contributions payable to the arrangement in respect of the accounting period.

The company also participates in a group defined benefits scheme, The Lithgows Limited Pension Scheme, but is unable to identify its share of the underlying assets and liabilities. The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting period. Full details of this scheme are disclosed in the financial statements of the ultimate holding company, Lithgows Limited.

**2. Pre-tax profit**

The pre-tax profit is attributable to the activity of fish farming and fish farm management.

**3. Cost of sales/other operating income and charges**

	<u>2008</u> £'000	<u>2007</u> £'000
Cost of sales		
Cost of sales	5,744	4,500
	=====	=====
Other operating income and charges		
Distribution costs	453	220
Administrative costs	490	568
Other operating income	(32)	(26)
	-----	-----
	911	762
	=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**4. Operating (loss) / profit**

(a) This is stated after charging:

	<u>2008</u> £'000	<u>2007</u> £'000
Auditor's remuneration : audit services	11	11
: non audit services	-	-
Management charge	283	367
Depreciation of owned assets	76	77
Depreciation of assets held under hire purchase contracts	18	11
Operating leases:		
Hire of plant and machinery	34	113
Provision against investments	-	2

and after crediting:

Release from deferred grants	29	24
------------------------------	----	----

**(b) Directors' remuneration**

	<u>2008</u> £'000	<u>2007</u> £'000
Fees	10	10
Other emoluments	179	201
	-----	-----
	189	211
	=====	=====

During the year 3 directors (2007 - 3 directors) participated in defined benefit pension schemes.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**5. Staff costs**

	<u>2008</u> £'000	<u>2007</u> £'000
Wages and salaries	592	622
Social security costs	53	45
Other pension costs	51	46
	-----	-----
	696	713
	=====	=====

The average weekly number of employees during the year reflected above was made up as follows:-

	<u>2008</u> No.	<u>2007</u> No.
Directors	7	7
Office and management	1	2
Husbandry	10	12
	-----	-----
	18	21
	=====	=====

**6. Net interest**

	<u>2008</u> £'000	<u>2007</u> £'000
Interest on loans wholly repayable within 5 years	234	141
Interest on hire purchase agreements	4	4
Other interest payable	3	2
Interest charged to customers	(250)	(20)
Interest on bank deposits	(4)	(9)
Interest receivable on loans provided	(52)	(120)
	-----	-----
	(65)	(2)
	=====	=====

**7. Taxation on profit on ordinary activities**

	<u>2008</u> £'000	<u>2007</u> £'000
The taxation charge based on the profit for the year represents:		
Share of tax on joint venture's profit (see Note 9)	24	10
	=====	=====

There is no charge in respect of corporation tax in the current year, due to the availability of tax losses carried forward from the previous year and no reconciliation of taxation has been disclosed.

The company has an unrecognised potential deferred tax asset of £261,000 due to the availability of other unrelieved tax losses and capital allowances at December 31, 2008 (2007 - £137,000).

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**8. Tangible fixed assets**

	<u>Freehold property</u> £'000	<u>Short Leasehold property</u> £'000	<u>Plant, machinery and vehicles</u> £'000	<u>Total</u> £'000
Cost:				
At January 1, 2008	421	60	5,511	5,992
Additions	-	-	474	474
Disposals	-	-	(208)	(208)
	----	----	-----	-----
At December 31, 2008	421	60	5,777	6,258
	----	----	-----	-----
Depreciation:				
At January 1, 2008	279	58	5,050	5,387
Provided during the year	11	2	81	94
On disposals	-	-	(207)	(207)
	----	----	-----	-----
At December 31, 2008	290	60	4,924	5,274
	----	----	-----	-----
Net book value:				
At January 1, 2008	142	2	461	605
	=====	=====	=====	
Net book value:				
At December 31, 2008	131	-	853	984
	=====	=====	=====	

Included in the amounts for plant, machinery and vehicles above are the following amounts relating to assets acquired under hire purchase contracts.

Net book value:	£'000
At January 1, 2008	59
	=====
At December 31, 2008	41
	=====



**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**9. Investments****a) Investment in subsidiary undertakings and partnerships**

	<u>Subsidiary undertakings</u> £'000	<u>Investments in partnerships</u> £'000	<u>Total</u> £'000
Cost:			
At January 1, 2008 and December 31, 2008	1,594	2	1,596
	=====	==	=====
Amounts written off investments			
At January 1, 2008	244	-	244
Provided during the year	-	-	-
	-----	-----	-----
At December 31, 2008	244	-	244
	=====	=====	=====
Net book value:			
At January 1, 2008	1,350	2	1,352
	=====	==	=====
At December 31, 2008	1,350	2	1,352
	=====	=====	=====

The investments represent the cost of:

	<u>Class of share</u>	<u>Shareholding</u>
Subsidiary undertakings:		
1,000 shares Argyll Salmon Limited	£1 Ordinary	100%
1,315,000 shares Ormsary Fish Farms Limited	£1 Ordinary	100%
1,147 shares Inver Lochs Limited	£1 Ordinary	100%
202,499 shares Clachbreck Fish Farms Limited	£1 Ordinary	100%
2 shares Fish Finance Limited	£1 Ordinary	100%
Investment in partnerships:-		
Ormsary Farmers		
Inver Farmers		

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

9. **Investments** (continued)

## b) Interest in joint ventures.

At December 31, 2008 and December 31, 2007 the company had an interest in the following joint venture:

<u>Joint Venture</u>	<u>Country of Incorporation</u>	<u>Class of Share Capital held</u>	<u>Proportion held by company</u>	<u>Nature of business</u>
Landcatch Chile SA	Chile	Equity interest	50%	Fish Farming
			<u>2008</u>	<u>2007</u>
			£'000	£'000
At January 1			2,390	2,092
Share of profits retained by joint venture			3	51
Exchange difference			414	247
			-----	-----
At December 31			2,807	2,390
			=====	=====
The company's share in its joint venture comprises:				
			<u>2008</u>	<u>2007</u>
			£'000	£'000
Fixed assets			1,840	2,007
Current assets			2,396	1,926
			-----	-----
Share of gross assets			4,236	3,933
			=====	=====
Liabilities due within one year			1,102	1,140
Liabilities due after one year or more			327	403
			-----	-----
Share of gross liabilities			1,429	1,543
			=====	=====
Share of net assets			2,807	2,390
			=====	=====
Turnover			1,995	1,384
			=====	=====
Profit before tax			27	61
Taxation			(24)	(10)
			-----	-----
Profit after tax			3	51
			=====	=====

In October 2009, the company sold its investment in Landcatch Chile SA at a value, based on current exchange rates, in line with its carrying value.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**10. Stocks**

	<u>2008</u> £'000	<u>2007</u> £'000
Live stocks	758	1,543
Sundry stocks	69	149
	-----	-----
	827	1,692
	=====	=====

**11. Debtors**

	<u>2008</u> £'000	<u>2007</u> £'000
Trade debtors	4,511	2,713
Amounts due by group undertakings	10	-
Other debtors	1,260	1,007
Prepayments and accrued income	79	98
	-----	-----
	5,860	3,818
	=====	=====

The trade debtors have been assigned for collection purposes to Lithgow Factoring Limited and Inver Salmon Limited both wholly owned subsidiaries of Lithgows Limited. The amounts due to group undertakings include £10,000 (2007 - £nil) of advance payments due by Lithgow Factoring Limited under this factoring agreement.

Included within other debtors is a loan of £645,000 (2007 - £645,000) and accrued loan interest of £198,000 (2007 - £146,000), both due from Landcatch Natural Selection Limited, which fall due outwith 12 months from the Balance Sheet date. £2,000,000 (2007 - £nil) of the trade debtor balance is deemed to be recoverable outwith 12 months from the Balance Sheet date.

**12. Creditors : amounts falling due within one year**

	<u>2008</u> £'000	<u>2007</u> £'000
Bank overdraft	-	179
Hire purchase creditors (note 14)	16	16
Trade creditors	536	1,259
Amount due to group undertakings	6,607	3,768
Other taxes and social security costs	17	21
Other creditors and accruals	305	685
	-----	-----
	7,481	5,928
	=====	=====

The amounts due to group undertakings include £nil (2007 - £21,000) of advance payments due to Lithgow Factoring Limited under the factoring agreement described in note 11.

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**13. Creditors: amounts falling due after more than one year**

	<u>2008</u> £'000	<u>2007</u> £'000
Hire purchase creditors (note 14)	23	39

**14. Obligations under hire purchase contracts**

Commitments under hire purchase contracts:-

	<u>2008</u> £'000	<u>2007</u> £'000
Amounts due within one year	20	20
Amounts due after more than one year but within five years	22	42
	-----	-----
	42	62
Less: charges allocated allocated to future periods	(3)	(7)
	-----	-----
	39	55
	=====	=====
The above shown as:-		
Current obligations (note 12)	16	16
Non current obligations (note 13)	23	39
	-----	-----
	39	55
	=====	=====

Analysis of changes in hire purchase contracts and group finance leases during the current and previous years:

	<u>2008</u> £'000	<u>2007</u> £'000
At January 1	55	20
Inception of contracts	-	47
Capital element of payments	(16)	(12)
	-----	-----
At December 31	39	55
	=====	=====

**15. Deferred grants**

	<u>2008</u> £'000	<u>2007</u> £'000
At January 1	51	67
Received in year	30	8
Released in year	(29)	(24)
	-----	-----
At December 31	52	51
	=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**16. Share capital**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>No</u>	<u>No</u>	<u>£'000</u>	<u>£'000</u>
Equity interest -				
ordinary shares of £1 each	5,000,000	5,000,000	4,583	4,583
10% preference shares of £1 each	1,250,000	1,250,000	417	417
	-----	-----	-----	-----
	6,250,000	6,250,000	5,000	5,000
	=====	=====	=====	=====

The preference shares are non-voting and non-convertible and had no rights to share in dividends other than the fixed 10% dividend which was cumulative. The shares were due for redemption by the company in three equal annual instalments commencing January 1, 1998 on which date 416,667 preference shares were redeemed at par. On January 1, 1999 a further 416,667 preference shares were redeemed at par. On January 1, 2000 the final 416,667 preference shares were due to be redeemed at par. However, due to the lack of distributable reserves within the company, the company was unable to process the redemption at this time, or able to pay the preference dividend accrued at December 31, 1999 and given the ongoing lack of distributable reserves this has remained the position.

Given this ongoing position, the holders of the preference shares have confirmed to the company that:-

- a. they do not wish to redeem the shares
- b. they wish to waive their right to cumulative dividend
- c. they wish to waive their right to all arrears of dividends payable.

Accordingly, the company has removed all liability to past dividends payable and regards the outstanding preference shares as an equity instrument rather than a financial liability under the terms of FRS25.

**17. Reserves and reconciliation of movements in shareholders' funds**

	<u>Share premium account</u> £'000	<u>Capital redemption reserve</u> £'000	<u>Profit and loss account</u> £'000	<u>Total reserves</u> £'000	<u>Called up share capital</u> £'000	<u>Total</u> £'000
At January 1, 2008	497	833	(2,490)	(1,160)	5,000	3,840
Profit for year	-	-	24	24	-	24
Exchange difference-joint venture	-	-	414	414	-	414
	-----	-----	-----	-----	-----	-----
At December 31, 2008	497	833	(2,052)	(722)	5,000	4,278
	=====	=====	=====	=====	=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**18. Capital commitments**

There were no capital commitments at December 31, 2008 or December 31, 2007.

**19. Net cash inflow from operating activities**

	<u>2008</u> £'000	<u>2007</u> £'000
Operating (loss)/profit	(44)	1,143
Depreciation	94	88
Decrease/(increase) in stock	865	(267)
Increase in debtors	(2,042)	(2,183)
Increase in creditors	1,732	2,327
Deferred grants release	(29)	(24)
Provision against investments	-	2
	-----	-----
Net cash inflow from operating activities	576	1,086
	=====	=====

**20. Reconciliation of net cash flow to movements in net debt**

	<u>2008</u> £'000	<u>2007</u> £'000
Increase/(decrease) in cash in year	182	(828)
Cash outflow from loans	-	1,750
Cash outflow from hire purchase contracts and group finance leases	16	12
	-----	-----
Change in net debt resulting from cash flows	198	934
Inception of hire purchase contracts	-	(47)
	-----	-----
Movement in net debt in year	198	887
Net debt at January 1	(233)	(1,120)
	-----	-----
Net debt at December 31	(35)	(233)
	=====	=====

**21. Analysis of change in net debt**

	<u>At January 1,</u> <u>2008</u> £'000	<u>Cash flow</u> £'000	<u>At December 31,</u> <u>2008</u> £'000
Cash at bank and in hand	1	3	4
Bank overdraft	(179)	179	-
	-----	-----	-----
	(178)	182	4
Hire purchase contracts	(55)	16	(39)
	-----	-----	-----
	(233)	198	(35)
	=====	=====	=====

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**22. Related parties**

The company's parent company is Lithgows Limited which is registered in Scotland. The results of the company are consolidated within the group financial statements of Lithgows Limited, and these group financial statements are available from the Registrar of Companies.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from the requirement to report transactions within the group on the grounds that more than 90% of the voting rights of the company are controlled within the group and consolidated financial statements, which include the company, are publicly available.

During the year the company was involved in ongoing contracts with Ormsary Farmers and Inver Farmers. Sir William Lithgow, a shareholder of the parent company, holds an interest in both these partnerships, James Lithgow, a shareholder and director of the parent company, holds an interest in the Ormsary Farmers partnership and John Lithgow, also a shareholder and director of the parent company, holds an interest in the Inver Farmers partnership. These contracts were on an arm's length basis and were in respect of the provision of services by Ormsary Farmers and Inver Farmers to rear fish stocks in Argyll.

The company provided certain husbandry and management services under contract to Landcatch Natural Selection Limited, whose share capital is owned by a company with a similar shareholding to that of Lithgows Limited. The company received under contract from Landcatch Natural Selection Limited a veterinary health service, as well as the supply of salmon ova and parr.

The company has also provided a loan and extended credit to Landcatch Natural Selection Limited. These are interest bearing but there is a deferment in terms of both capital and interest repayment.

Details of the value of these services supplied during the financial year and the balances outstanding at the balance sheet date are shown below:-

	<u>2008</u> £'000	<u>2007</u> £'000
Value of services provided in financial year		
Provision of management services to Landcatch Natural Selection Limited	2,245	2,088
Interest arising on loan and credit to Landcatch Natural Selection Limited	302	119
Provision of services by Ormsary Farmers to rear fish stocks	1,162	534
Provision of services by Inver Farmers to rear fish stocks	215	49
Supply of salmon ova and parr by Landcatch Natural Selection Limited	428	395
Provision of veterinary health service by Landcatch Natural Selection Limited	-	10
Amounts outstanding at December 31		
Loan balance due by Landcatch Natural Selection Limited	645	645
Accrued interest due by Landcatch Natural Selection Limited	198	146
Amounts due by Ormsary Farmers	196	5
Amounts due by Landcatch Natural Selection Limited	4,268	2,077
Amounts due to Ormsary Farmers	-	204
Amounts due to Inver Farmers	60	34
Amounts due to Landcatch Natural Selection Limited	29	15

**LANDCATCH LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 2008**

(continued)

**23. Pension commitments**

The company participates in a defined contribution group pension scheme and a defined benefit group pension scheme, the assets of which are held separately from those of the company in independent trustee administered funds. The pension cost relating to the defined benefit scheme is assessed in accordance with the advice of a qualified actuary. The latest actuarial assessments of the three categories within the scheme were at April 6, 2006.

The provisions of Financial Reporting Standard No. 17, Retirement Benefits are fully applicable to the company in relation to its financial statements. In terms of the provisions of this standard for multi-employer schemes, the company is unable to identify its share of the underlying assets and liabilities of the Lithgow Pension Scheme. Therefore, the company has accounted for its contributions to the scheme on a defined contribution basis.

Full details of the scheme are disclosed in the financial statements of the holding company, Lithgows Limited.