

**GLENRYCK FOODS LIMITED**  
**Report and Financial Statements**  
**For the year ended 30<sup>th</sup> September 2010**  
*Registered Number 01500044*

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REPORT & FINANCIAL STATEMENTS

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

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# Glenryck Foods Limited

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## OFFICERS AND PROFESSIONAL ADVISORS

### **DIRECTORS**

R G Nicol

F P Kuttel

G A Rhodes-Harrison

J Swayne (resigned 27<sup>th</sup> August 2010)

### **SECRETARY**

Kench & Co Ltd

10 Station Road

Henley-on-Thames

Oxon

RG9 1AY

### **AUDITORS**

Deloitte LLP

Chartered accountants

Reading, United Kingdom

### **BANKERS**

Nedbank Limited

1<sup>st</sup> Floor

Old Mutual Place

2 Lambeth Hill

London

EC4 4GG

### **REGISTERED OFFICE**

10 Station Road

Henley-on-Thames

Oxon

RG9 1AY

# Glenryck Foods Limited

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## DIRECTORS' REPORT

### DIRECTORS

The directors present their report and financial statements for the period ended 30 September 2010

### PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The Company is a wholly owned subsidiary of Oceana Group Limited and operates as a separate division

During the year the company continued to trade as an importer and distributor of fish products

As shown in the Company's profit and loss account on page 7 turnover decreased from £15.9m to £10.6m down 33% due to a reduced sales effort and the recessionary climate. Margins increased due to the mix of product and partial exchange rate improvement but the volume drop resulted in a gross profit decrease from £1.3m to £1.1m. Shareholder's funds now stand at £3,212,817 (2009 £3,217,174) on the balance sheet

During the year Oceana Group reviewed its strategy as regards its UK interests. A process was initiated in terms of which core business will in future be conducted between Oceana Brands and a third party distributor. The balance of the business will be wound down, leading to the closure of the Glenryck office

### RESULTS AND DIVIDENDS

The loss after taxation for the period amounted to £4,357 (loss 2009 £381,144). Included within the 2009 results is a provision for duty on imports from Columbia, totalling £431,997 as referred to in note 15. The directors during the year recommended and paid a dividend of £ Nil (2009 £100,000)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The use of financial derivatives is disclosed in note 19 and is governed by policies of the ultimate holding company as approved by the company board of directors. The company does not use derivative financial instruments for speculative purposes.

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure on exchange rates, interest rates, liquidity and credit risks. They are confident that there are suitable policies in place and that no material risks or uncertainties exist which have not been considered. These policies have remained unchanged from the previous year and are summarised below

#### *Currency risk*

The company's activities expose it to the financial risks in changes in foreign currency exchange rates. The company uses forward currency contracts aligned to future transactions where relevant to hedge the currency exchange exposure

#### *Credit risk*

The company's principal financial assets are bank balances, stock, trade and other receivables

The company's credit risk is primarily attributable to its trade debtors and the amounts presented in the balance sheet are net of allowances for doubtful receivables. The directors adopt a risk policy with regard to debtors which combines the use of credit insurance, letters of credit, guarantees and credit limits based on size, status, payment history and references. With regard to stock, a constant review is made of trading cycles and requirements to ensure continuity of brand supply and of committed contracts given the nature of the trade

# Glenryck Foods Limited

## DIRECTORS' REPORT (CONTINUED)

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### *Liquidity risk*

The company seeks to ensure sufficient funds are available for ongoing operations and future developments through its banking arrangements comprising mainly of overdraft and letter of credit facilities

#### *Interest rate risk*

The company finances its day to day operations through a mixture of retained profits and bank borrowings. The company exposure to interest rate fluctuations on its borrowings is primarily managed through the control of the working capital requirements

### GOING CONCERN

The company's business activities and principal risks and uncertainties are detailed above

During the year Oceana Group reviewed its strategy as regards its UK interests. A process was initiated in terms of which core business will in future be conducted between Oceana Brands and a third party distributor. The balance of the business will be wound down, leading to the closure of the Glenryck office

Therefore, as for 2009, the accounts have been prepared on a basis other than that of a going concern, with all assets being held at their net realisable value

### DIRECTORS

The directors who served during the period and to the date of signing were as listed below

F P Kuttel  
R G Nicol  
G A Rhodes-Harrison  
J P Swayne (resigned 27<sup>th</sup> August 2010)

### AUDITORS

Deloitte LLP have indicated their willingness to be reappointed for another term. A resolution to re-appoint Deloitte LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of directors on 18 January 2011

On behalf of the Board



Rod Nicol  
Director

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## Glenryck Foods Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLENRYCK FOODS LIMITED**

We have audited the financial statements of Glenryck Foods Limited for the year ended 30 September 2010 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – Financial statements prepared on a basis other than on a going concern basis**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

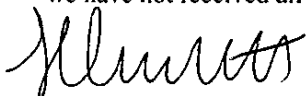
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLENRYCK FOODS  
LIMITED (CONTINUED)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



John Clennett (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Reading, United Kingdom  
18 January 2011



# Glenryck Foods Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2010

		<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>TURNOVER</b>	2	10,641,931	15,916,923
Cost of sales		(9,590,775)	(14,597,863)
Gross profit		1,051,156	1,319,060
Operating expenses	3	(1,063,855)	(1,686,310)
<b>OPERATING LOSS</b>		(12,699)	(367,250)
Interest receivable and similar income	5	-	5,171
Interest payable and similar charges	6	(9,789)	(75,495)
		(9,789)	(70,324)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	7	(22,488)	(437,574)
Tax credit on loss on ordinary activities	8	18,131	56,430
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, TRANSFERRED TO RESERVES</b>	18	(4,357)	(381,144)

There were no recognised gains or losses in either period other than the result for the period, accordingly no statement of total recognised gains and losses has been prepared

All turnover arose from discontinued operations

# Glenryck Foods Limited

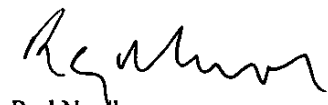
## BALANCE SHEET

As at 30 September 2010

		30 September 2010	30 September 2009
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	11	96,856	109,358
Tangible assets	12	-	12,124
		<u>96,856</u>	<u>121,482</u>
<b>CURRENT ASSETS</b>			
Stocks	13	1,954,232	4,184,203
Debtors	14	2,242,223	1,765,925
Cash at Bank		686,531	598,090
		<u>4,882,986</u>	<u>6,548,218</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(1,767,025)	(3,452,526)
<b>NET CURRENT ASSETS</b>		<u>3,115,961</u>	<u>3,095,692</u>
<b>NET ASSETS</b>		<u>3,212,817</u>	<u>3,217,174</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	500,000	500,000
Profit and loss account	18	2,712,817	2,717,174
<b>SHAREHOLDER'S FUNDS</b>		<u>3,212,817</u>	<u>3,217,174</u>

These financial statements of Glenryck Foods Limited, registered number 01500044 were approved by the board of directors and authorised for issue on 18 January 2011

Signed on behalf of the Board of Directors



Rod Nicol  
Director

# Glenryck Foods Limited

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2010

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year to 30 September 2010 and the preceding period from 22 September 2008 to 30 September 2009.

#### ***Basis of preparation***

The company's business activities and principal risks and uncertainties are detailed in the directors' report.

During the year Oceana Group reviewed its strategy as regards its UK interests. A process was initiated in terms of which core business will in future be conducted between Oceana Brands and a third party distributor. The balance of the business will be wound down, leading to the closure of the Glenryck office.

Therefore, as for 2009, the accounts have been prepared on a basis other than that of a going concern, with all assets being held at their net realisable value. No provision has been made for closure costs or liabilities committed at the balance sheet dates.

#### ***Accounting convention***

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

#### ***Turnover***

Turnover represents the sale of fish and other products in the United Kingdom after discounts, promotions and allowances, net of value added tax.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less residual value, of each asset on a straight-line basis by reference to the anticipated useful lives of the assets concerned at the following rates:

Furniture, fittings and office equipment	-	20% - 33%
Motor vehicles	-	25% per annum

#### ***Intangible fixed assets***

Intangible assets are amortised on a straight line basis over their expected useful economic lives. The assets were assigned from Glenryck (UK) Limited during 2005 and consequently the same accounting policy is being maintained. The original life expectancy was 20 years which has been retained.

#### ***Stock***

Stock is valued at the lower of cost and net realisable value. Cost is defined as purchase invoice price plus an appropriate proportion of direct overheads, calculated on a first-in, first-out basis.

#### ***Foreign currencies***

Transactions in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Liabilities and current assets expressed in foreign currencies at the balance sheet date are translated into sterling at the rates ruling on that date except for liabilities or current assets which are covered by forward exchange contracts, which have been translated at the relevant forward exchange contract rate. Gains or losses arising on translation are reflected in the profit and loss account of the period in which they arise.

#### ***Pension costs***

Contributions to a defined contribution scheme are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 1. ACCOUNTING POLICIES (CONTINUED)

#### *Operating leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

#### *Derivative financial instruments*

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### *Cash flow statement*

The Company has taken advantage under FRS1 not to complete a Cash Flow Statement. The results of the company are consolidated into the financial statements of the ultimate parent undertaking, whose financial statements are available as disclosed in note 21

### 2. TURNOVER

Turnover represents the sale of fish and other products in the United Kingdom after discounts, promotions and allowances, net of value added tax. Turnover is predominantly generated within the United Kingdom

### 3. OPERATING EXPENSES

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
Administrative expenses	1,055,757	1,670,605
Other	8,098	15,705
	<u>1,063,855</u>	<u>1,686,310</u>

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 4. STAFF COSTS

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
Wages and salaries	470,744	776,159
Social security costs	59,390	71,770
Other pension costs	39,876	40,534
	<u>570,010</u>	<u>888,463</u>

The average number of people employed in an administrative capacity during the period was 11 (2009 11) and in a sales capacity 2 (2009 2). The average total number of employees was 13 (2009 13).

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
On bank accounts	-	5,171

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
On bank loans and overdrafts	6,546	67,630
Other	3,243	7,865
	<u>9,789</u>	<u>75,495</u>

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting)

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
Depreciation of fixed assets – owned	5,552	13,527
Impairment of fixed assets – owned	7,092	-
Amortisation of intangibles	12,502	12,500
Auditors' remuneration – audit services	26,000	25,250
Operating lease rentals – other	-	166,000
Gain on disposal of tangible fixed assets	-	(6,550)
Exchange loss	6,365	10,641
Import duty	-	431,997

Amounts due to the HMRC in respect of duty on imports from Columbia, total £ Nil (2009 £431,997)  
The company is appealing against these claims, but has provided in full at the year end

### 8. TAX ON LOSS ON ORDINARY ACTIVITIES

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
<i>Analysis of credit in the year</i>		
United Kingdom corporation tax (credit)	(14,538)	(63,098)
Adjustments in respect of prior periods	(1,286)	6,430
Total current tax	(15,824)	(56,668)
Deferred tax (note 16)	(2,307)	238
Tax credit on loss on ordinary activities	(18,131)	(56,430)

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

*Factors affecting tax credit for period*

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
Loss on ordinary activities before tax	(22,488)	(437,574)
Loss on ordinary activities multiplied by standard rate of Corporation tax in the UK of 28 % (2009 28%)	(6,297)	(122,520)
Tax effects of		
Adjustments in respect of prior periods	(1,286)	6,430
Difference due to change on Corporation tax rate	(538)	-
Capital allowances in excess of depreciation	2,307	(615)
Expenses not allowable for corporation tax	(26,793)	60,037
Losses Unutilised carried forward	16,783	-
Total current tax	(15,824)	(56,668)

### 10. DIVIDENDS

	<i>Period from 01 October 2009 to 30 September 2010</i>	<i>Period from 22 September 2008 to 30 September 2009</i>
	£	£
Final dividend for the year ended 30 September 2010 of Nil (2009 20p) per ordinary share	-	100,000

### 11. INTANGIBLE FIXED ASSETS

	<i>Trademarks</i>
	£
<b>Cost:</b>	
At 1 October 2009	171,858
Additions	-
At 30 September 2010	171,858
<b>Amortisation:</b>	
At 1 October 2009	62,500
Charge for the year	12,502
At 30 September 2010	75,002
<b>Net book value</b>	
At 30 September 2010	96,856
At 30 September 2009	109,358

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 12. TANGIBLE FIXED ASSETS

	<i>Furniture fittings and office equipment £</i>	<i>Total £</i>
<b>Costs</b>		
At 1 October 2009	57,802	57,802
Additions	520	520
Disposals	(4,689)	(4,689)
At 30 September 2010	53,633	53,633
<b>Depreciation</b>		
At 1 October 2009	45,678	45,678
Charge for the year	5,552	5,552
Impairment Charge	7,092	7,092
Disposals	(4,689)	(4,689)
At 30 September 2010	53,633	53,633
<b>Net book value</b>		
At 30 September 2010	-	-
At 30 September 2009	12,124	12,124

### 13. STOCK

	<i>30 September 2010 £</i>	<i>30 September 2009 £</i>
Goods held for resale	1,954,232	4,184,203

The carrying value of stocks does not materially differ from their replacement cost



# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 14. DEBTORS

	30 September 2010 £	30 September 2009 £
Trade debtors	2,071,431	1,566,436
Other debtors	12,483	12,211
Deferred tax (note 16)	4,065	1,758
Prepayments and accrued income	40,216	87,316
Corporation tax	114,028	98,204
	<u>2,242,223</u>	<u>1,765,925</u>

### 15. CREDITORS: amounts falling due within one year

	30 September 2010 £	30 September 2009 £
Bank Overdraft	95,308	-
Trade creditors	988,827	2,147,710
Other taxation and social security payable	26,513	447,751
Accruals and deferred income	656,377	857,065
	<u>1,767,025</u>	<u>3,452,526</u>

The bank overdraft is secured by a floating charge over certain of the company's current assets

Included within Other taxation and social security payable are amounts due to the HMRC in respect of duty on imports from Columbia, totalling £ Nil (2009 £431,997) The company continues to appeal against these claims

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 16. DEFERRED TAXATION

	<i>30 September 2010</i>	<i>30 September 2009</i>
	£	£
Depreciation more than in advance of capital allowances	4,065	1,758
Amount included in debtors (Note 14)	<u>4,065</u>	<u>1,758</u>

#### Movement in the year

	<i>30 September 2010</i>	<i>30 September 2009</i>
	£	£
Opening balance asset	1,758	1,996
Credit/(charge) to the profit and loss account	2,307	(238)
Closing balance asset	<u>4,065</u>	<u>1,758</u>

### 17. SHARE CAPITAL

	<i>30 September 2010</i>	<i>30 September 2009</i>
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

# Glenryck Foods Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

### 18. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital 2010 £</i>	<i>Profit and loss account 2010 £</i>	<i>Total share- holder's funds 2010 £</i>	<i>Total share- holder's funds 2009 £</i>
At 1 October	500,000	2,717,174	3,217,174	3,698,318
Retained (loss)/profit for the period	-	(4,357)	(4,357)	(381,144)
Dividends paid (see note 10)	-	-	-	(100,000)
At 30 September	<u>500,000</u>	<u>2,712,817</u>	<u>3,212,817</u>	<u>3,217,174</u>

### 19. OPERATING LEASE OBLIGATIONS AND OTHER FINANCIAL COMMITMENTS

- (a) In the normal course of business the company has entered into commitments in respect of letters of credit and foreign exchange contracts

At 30 September 2010, the company was contracted to buy \$1,428,885 at rates that have been contracted between \$1 43 and \$1 58, and to buy €169,080 at rates that have been contracted between €1 16 and €1 21. The forward contracts mature at various dates between 1 October 2010 and 31 January 2011.

The fair value of open forward foreign exchange contracts outstanding at the year end amounted to £25,614 (2009 £69,495).

- (b) The company has entered into a ten year operating lease with a 5 year break clause in respect of land and buildings, which expires in 2018, and has an annual commitment of £54,000 (2009 £54,000). Full provision of the cost up to the point of the break clause was provided in the Financial Statements for 2009 to reflect the pending office closure.

### 20. PENSIONS

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £39,876 (2009 £40,534).

### 21. CONTROLLING PARTY AND ULTIMATE PARENT UNDERTAKING

The controlling party of the company is the ultimate parent company, Oceana Group Limited.

In the opinion of the directors the ultimate parent undertaking of Glenryck Foods Limited at 30 September 2010 was Oceana Group Ltd, a company incorporated in South Africa, the principal place of business of which is located at 16<sup>th</sup> Floor, Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town, South Africa. Financial Statements can be obtained from this address on written request. Oceana Group Ltd is the parent company of both the largest and smallest group for which group accounts are drawn up of which Glenryck Foods Ltd is a member.

### 22. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking, 90% or more of whose voting rights are controlled within the group, the company has taken advantage of the exemption not to disclose transactions with undertakings that are part of the group, in accordance with FRS 8.

## Glenryck Foods Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 September 2010

#### 23. SHARE BASED PAYMENTS

##### Cash settled share based payment plans

During the 2006 financial year, an executive incentive scheme was established for the Oceana group in the form of a cash settled share options scheme. Under the terms of the cash settled share options scheme, cash settled share options may be issued annually to senior managers and executive directors. The scheme requires an annual valuation of Oceana shares to mark the liability to the valuation share price. This valuation is performed by Oceana using the Black-Scholes option pricing model. Changes in fair value are recognised in the income statement. Provided the employee remains in service, the cash settled share options vest in 3 tranches, one third after a period of three years from the grant date, a further third after four years and the final third after five years. All rights lapse if the cash settled share options are not exercised by the end of the sixth year.

The inputs into the Black-Scholes Option Pricing Model are as follows. No options were granted in 2009 or 2010.

Expected life of options	6 years
Grant price	R 15.39
Expected volatility	33%
Expected dividend yield	5.4%
Risk-free interest rate range	6.9% to 8.7%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The cash settled share options outstanding at 30 September 2010 had a weighted average remaining contractual life of nil years (2009: 0.5 years). None were exercisable at the reporting date.

An assumed vesting rate of 100% has been applied in calculating the cash settled share options scheme expense to be recognised.

The only participant in the scheme was A F Tunstall and in this regard the Company recognised total expenses of £ Nil in relation to the cash settled share options scheme in the financial period (2009: £41,991).

The carrying amount of the total liability relating to the cash settled share options at 30 September 2010 was £ Nil (2009: £67,511). The right to exercise lapsed during the year.

#### 24. CONTINGENT LIABILITY

Subsequent to year end further queries were received from HMRC relating to duty on imports from Columbia in 2008. These queries may potentially result in assessments being raised against the Company as occurred in 2009. The estimated contingent liability amounts to £78,869. The Company has received professional advice in the matter and believes it has no liability and will oppose any such claims.