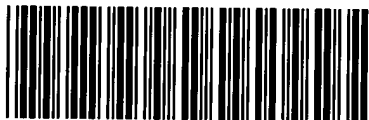


Registered number:  
02565953

# NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**PublicNEW ENGLAND SEAFOOD INTERNATIONAL LIMITED  
COMPANY INFORMATION AND ADVISORS**

**Directors**

D T Ahern  
D L Cassiano-Silva FCA  
T J Downes  
K D Rasmussen  
C G Rorem CPA

**Registered address**

48 Cox Lane  
Chessington  
Surrey  
KT9 1TW  
United Kingdom

**Registered number**

02565953

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
1st Floor  
One Valpy  
20 Valpy Street  
Reading  
Berkshire  
RG1 1AR

## 1. Principal activities

The principal activity of New England Seafood International Limited ('NESI' or the 'Company') is the import and processing of premium fish from sustainable sources around the world. These are marketed through retail, food service, and wholesale distribution channels to fulfil consumers' growing demands for the health and lifestyle benefits of eating fish. The Company is an indirect subsidiary of Sealaska Corporation ('Sealaska' or, collectively with its subsidiary undertakings, the 'Sealaska Group').

## 2. Business review

The Company is an indirect subsidiary undertaking of Sealaska, an Alaska Native Corporation owned by more than 22,000 Tlingit, Haida, and Tsimshian shareholders with business interests in sustainable foods, natural resources, land management and environmental services. Supported by Sealaska, the Company has embarked on significant market expansion within the UK and international markets, where our focus remains on building a consumer led, quality focused seafood business that can help to reverse the impacts of climate change through a more sustainable food system by stimulating increased consumption of fish and seafood from its stubbornly low levels today. Our ability to deliver on this plan was strengthened in the year through the equity investments in two likeminded companies in Iceland, in IceMar ehf. ('IceMar') and AGS Holding ehf. ('AGS') of 60% and 25% respectively, in February 2022, totalling £4,328,000. Subsequent to the end of the year, on 10 March 2023, our immediate parent company, Sealaska Foods International Holdings Limited ('SFIHL') completed a £2,850,000 equity investment in Normarine AS ('Normarine'), a Norwegian company engaged in the purchase and distribution of high-quality seafood products, particularly cod and haddock. Normarine is a strategic supplier to the Company, with the acquisition allowing an ever deeper integration of operations and sourcing plans.

These acquisitions significantly enhance our access to, and knowledge of, primary markets for several of our species (including cod and haddock) and provide a source of competitive advantage in a rapidly evolving Geo political and supply landscape. Furthermore, they increase our access to important North American and European markets. This in-depth market understanding and access to raw materials has never been more relevant than today when the supply of high-quality cod and haddock in global markets has been significantly impacted by the Russian invasion of Ukraine in February 2022, which both increased the cost of these raw materials, and reduced the permissible sources of supply for many customers. As customers ceased to source products of Russian origin there was a natural shift to Icelandic and Norwegian origin products, increasing competition for products from these countries. Our collaborations with IceMar, Normarine and AGS have ensured access to raw material at competitive market prices which has allowed NESI to continue to provide unhampered service and a consistency of quality for our customers.

Trading during the period has been challenging in the UK markets, with significant supply driven inflation resulting in rapidly rising prices across all protein. While headline CPI inflation peaked at 11.1% in October 2022, retail food inflation has been more significant, reaching 19.2% in March 2023. This inflation reflects multiple factors coming together at the same time, including shipping container and raw material availability (either due to reduced open sea fishing or lower farm stocking rates) and rising energy costs in gas, electricity, fuel and animal feed which were exacerbated by the Russian invasion of Ukraine. These were compounded by significant pressures on labour costs as the UK re-opened post COVID and demand increased across catering and manufacturing, sourcing from a reduced labour pool due to retirements and emigration following BREXIT. National insurance rate rises in April 2022 (while reversed in November 2022) further compound these challenges, as has the increase in the Bank of England base lending rate which has risen from 0.25% at the beginning of 2022, to 4.25% at the date of this report. Fish has been hit particularly hard, with average retail fish prices increasing by 19.2% during 2022 (ONS data, RPI: Percentage change over 12 months - Fish). Through its strong and trusted customer relationships, NESI was successful in passing on inflation to its retail customers, maintaining cash margin generally stable on its products but naturally decreasing the gross margin % in NESI, which fell from 13% (in calendar year 2021) to 11% during the year.

Wage growth has generally not kept up with rising prices in the UK, with the resultant 'cost-of-living' crisis affecting most UK households. With relatively lower disposable income, households have been unable to increase their total basket spend, with increasing prices resulting in a reduction in volume. With chilled fish being a high cost per KG protein at £13.20 (Kantar, 52 weeks ending 25 December 2022) on average, the category has suffered as consumers switch into lower cost proteins, or out of protein entirely resulting in a volume decline in the chilled fish category of 10.2% (Kantar, 52 weeks ending 25 December 2022). The majority of NESI's business is in the retail channel in which NESI was impacted in line with the category, with revenue remaining relatively flat year on year, but Gross margin falling from £19,952,000 (in calendar year 2021) to £16,864,000 due to the lower volume. This gross margin reduction has impacted profitability and, to maintain a sustainable business, NESI implemented sizeable cost reduction programmes of c£3,500,000 in H2-2022 which have maintained our business EBITDA (being earnings before interest, tax, depreciation, amortization, and loss on disposal of tangible fixed assets) generative in 2022 and provided a right sized platform for growth in 2023. Exceptional costs of £958,000 were incurred in connection with this restructuring (refer to note 6 to the financial statements).

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STRATEGIC REPORT**  
**For the year ended 31 December 2022**

Within our international businesses, we saw a significant uplift in business following the invasion of Ukraine, as supply switched very rapidly from Russian origin products to Icelandic and Norwegian sources of white fish in particular. This resulted in rapid raw material price inflation which reached unsustainably high prices by the end of 2022. Prices have now started to reduce in 2023, although cod and haddock quotas in the Barents Sea and Icelandic fishing waters have been very low and are continuing to support higher than average prices for these raw materials.

While risks and challenges emerge from this unsettled competitive landscape, there were also many opportunities which developed in 2022 which we have been ready to capitalise on, leveraging the financial strength and vision of our parent company Sealaska, along with our strong management team, excellent customer and consumer offering in our products and well managed, modern manufacturing sites with capacity for expansion. Through a series of competitive retail tenders, we have both defended our existing Retail business, and secured material increases to our volume and revenues which will start to favourably impact our results from H2-2023. These contracts, underpinned by our positive outlook for the category, have supported a significant c£15,000,000 expansion of our Grimsby production facility to develop a state of the art, highly efficient, modern production site. The expansion is being funded by a combination of £3,000,000 equity investment from SFIHL, and a £12,000,000 credit facility provided by Barclays Bank PLC (the 'RCF'), the long-standing banker to NESI (refer to note 33). This builds on the £3,300,000 investment made in 2021 to acquire the site adjacent to our existing factory.

EBITDA before exceptional items for the period was £2,826,000 (2021: £5,232,000). EBITDA before exceptional items is the key financial performance indicator ('KPI') of the Company. The underlying EBITDA was impacted by the above factors and most notably the 10.2% category volume decline.

Early indications in 2023 in the UK are that category decline has stopped, with volume now stabilised. The UK outlook is now looking better, with inflation expectations falling rapidly in 2023 (with end of year inflation forecast at 2.9% by the Office for Budget Responsibility in March 2023), technical recession looking like it will be avoided in 2023, several pay deals having been finalised and the BOE base interest rate now expected to peak marginally above the current rate of 4.25%. We are cautiously optimistic that the category will return to growth this year as we remain focussed on building penetration and value in the species that we offer through physical and digital channels, supporting our customers, and staying true to our vision of showing people how to enjoy our fish every day. Being an ever more consumer and category led business, the ability to better support our customers to realise the untapped value potential of the fish category is key to success in this environment. With new revenues from the retail tender wins of close to £50,000,000 annualised, which will start to impact sales from September 2023, we are confident that the future prospects for the Company are strong.

The recent trading environment has also confirmed to us that our core values of sustainability, ethics, and care for the environment remain central to the success of our business and that of our customers. Sealaska shares these values and has a natural alignment to protecting the land and sea as the heritage of the people it serves. We continue to work with our customers and our suppliers to ensure that we are sourcing our fish responsibly from sustainable and well managed wild fisheries and aquaculture systems, and that all those who work in our supply chains are treated fairly and with dignity and respect. Our work in this area via our effective and highly engaged cross functional ethics committee and our industry leading sustainability work is recognised by our customers and we know was a key differentiator in our ability to win through the competitive retail tenders in the year.

We are positioned for growth in our domestic UK market and for international expansion with the support of Sealaska. With careful overhead control, state of the art efficient processing sites, in depth market understanding and our upstream investments, we are well placed to win with our customers and drive growth in our category. While prices have inevitably increased, by combining our buying and category knowledge, we are working with our customers to create a compelling consumer offering across all our species that can help to mitigate some of the inflationary impacts and ensure that healthy delicious fish remains relevant at this time of upheaval.

Finally, and most importantly, it is the people that make the Company. We are privileged to work with such talented and committed colleagues who buy into and give so much in the pursuit of our vision. Our ambitious people agenda recognises that great people have choices. We are committed to providing a workplace and environment where people can get on and progress their careers and lives in line with our core purpose of enhancing lives through fish. Our exceptional people and a clear vision and strategy means that we remain cautiously optimistic about the future and look forward to 2023 and beyond.

### **3. Principal risks and uncertainties**

The board is accountable for the management of risk. The directors continually assess risk with the aim to provide reasonable, but not absolute, assurance that the Company's assets are safeguarded, the risks the business faces are mitigated, and that senior management receive appropriate reporting of risk related matters. The board processes and internal control systems ensure that regular reviews are conducted of risk management effectiveness. Our principal risks are managed in a range of ways, including:

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STRATEGIC REPORT**  
For the year ended 31 December 2022

- **Inflation:** The UK is experiencing the highest levels of inflation for the last 30 years, with CPI reaching 11.1% in October 2022 and remaining above 10% at the date of this report. This inflation mainly reflects supply side factors in multiple markets, including labour, energy, oil, shipping, and raw materials, which have been exacerbated by the Russian invasion of Ukraine in February 2022. While the Company has done everything possible to mitigate the impact of this inflation, the level of inflation is so significant that customer and ultimately consumer prices have necessarily increased. This in turn has led to a decline in volumes in our markets, with chilled seafood sector volume contraction at 10.2% in 2022 (Kantar, 52 weeks ending 25 December 2022) as consumers have reduced their consumption generally, and / or traded down into lower priced protein or other products. We are hopeful that prices have now stabilised, but further price increases cannot be ruled out which may result in further volume declines. Price increases are also resisted by our customers to maintain their competitive consumer offering. Because of the low EBITDA and profit before tax margins in the sectors the Company operates in, if we are unable to pass on the inflation in our costs then our profitability may be reduced, or we may become loss making. We have been successful to date in passing on the inflation suffered in our cost base and we believe that our products are well placed in the market to meet consumer demands for high quality, innovative, sustainable, delicious seafood, which is responsibly sourced and meets the demands of an increasing population. While in the medium to longer term we believe that these macro trends in health and sustainability will prevail, the short-term impact on relative pricing, competitor strategy and consumer purchasing patterns has yet to be fully understood. There is a risk that the uncertainty caused by macroeconomic factors may be adverse to our business.
- **Relentless focus on our customers' success:** We monitor closely the effectiveness of our category and consumer focused approach designed to build continuous improvements for our customers and their consumers, based on our solid foundation of strong CSR and sustainability credentials. Measurement against business plans and key performance metrics such as service levels and product availability demonstrate achievements.
- **Our health and safety agenda,** including food safety, has prominence in all management and board meetings and in our day to day lives. We continue to upgrade our capabilities, develop knowledge of best practice, and encourage everyone to participate in making our working environment safe and healthy.
- **Quality of raw material and food safety:** We invest significant time and cost in building strong supplier relationships, many of which have existed for many years. The members of our highly regarded CSR team spend much of their time travelling the world seeking new supply sources and supporting our suppliers to develop their business processes and capabilities so that we can deliver industry leading product quality for our customers. Our technical team focuses on challenging our business processes in all aspects of quality and food safety through a variety of review and auditing techniques. We are proud of the continued high ranking our products and processes achieve against industry comparators and in feedback from customers, suppliers, and from a wide range of third party audits.
- **Talent:** Developing highly motivated colleagues who understand the contribution they can make to deliver the vision for the business is a key responsibility and focus for our senior management and our human resources. Providing the appropriate tools for our people to work effectively and efficiently requires constant investment and, we believe, contributes to our ability to attract the best talent and to provide exciting roles in the business. To this end we have also significantly increased our training efforts across all parts of the business. NESI is now bringing through our future managers who have an understanding of the wider business environment and the tools to lead and manage effectively in a constantly changing world. How our people work following the recent changes in legislation in the UK and development of COVID is also a key area of focus. We are working on an organisation design that balances flexible working practices which have developed during COVID, with ensuring that colleagues are immersed in what the Company stands for, its ways of working and the intangible aspects of the business.
- **Labour availability and cost:** Following BREXIT and while the UK has been managing the changing risks of COVID, there has been a material change in the labour market where we typically recruit and retain our production colleagues. In particular, retirements from the labour force and competition across multiple sectors (including, inter alia, catering, warehousing, and manufacturing industries) reduced the available labour pool while increasing wages. Labour markets are now more stable, and the Company ensures that pay is maintained at appropriate market levels, while providing other benefits and working conditions which differentiate us in the market and aim to make us the employer of choice. This is informed by regular staff surveys, employee engagement sessions, and capital expenditure where appropriate.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STRATEGIC REPORT**  
**For the year ended 31 December 2022**

- **IT systems:** We continue to invest to ensure we sustain robust, secure and reliable IT systems. The ability of suppliers and customers to interact seamlessly with us is essential. This is supported by fully backed-up data, regular testing of contingency cover, and strong relationships with our IT service providers.
- **Foreign currency:** The Company enters into transactions in sterling and foreign currencies. Currency risk is managed through policies and procedures designed to control and monitor the extent and use of forward foreign exchange contracts. These contracts, and the Company's other financial transactions, are placed with high quality financial counterparties. The Company uses forward currency purchases which mature at specific future dates to reduce the price variability of raw materials purchased in currencies and to give our customers stability in pricing. Accounting convention requires these contracts to be marked to market at the balance sheet date and the effect of this is shown within the Other Comprehensive Income section of the Statement of Comprehensive Income.
- **Credit risk:** To manage credit risk arising from trade debtors the directors set credit limits for customers based on a combination of payment history and third-party credit references. Payment performance, levels of debt against credit limits, debt ageing, and collection history are constantly monitored. Where appropriate we mitigate default risk by operating credit insurance.
- **Liquidity risk:** The Company manages its liquidity through a combination of bank credit facilities, funding from the Sealaska Group and retained earnings. The Company has a long-standing relationship with its bankers and the directors believe that credit facilities will remain in place to support the Company in its operations. Lending conditions can change in the future and there is a risk that credit facilities may not be available in the future on terms that are acceptable to the Company.
- **COVID risk:** At present the impact of COVID on our business is significantly reduced compared to 2020 and 2021, with our supply chains operating relatively seamlessly now and with no significant COVID restrictions within the UK or the markets the Company's products are sold in. The COVID risks are constantly changing though and there is no certainty that the Company's operations will not be impacted in the future, including in (1) risks to our colleagues' health and safety, (2) risks to the supply of our products through disruption in our factories and (3) risks to the supply of raw materials.
- **Expansion of the Company's operations:** The Company is expanding internationally, with acquisitions completed in Iceland during the year and in Norway post period end (through our parent Company Sealaska Foods International Holdings Limited). The Company manages the risks associated to the business activities of these entities through membership on the Board of Directors of these companies, regular engagement with their executive management and monthly review of their financial and operating performance. Within the UK operations, the Company has ensured that the leadership team has been strengthened to accommodate the time spent by the Company's management on the wider Sealaska Group.

#### **4. Our corporate and social responsibilities**

We work closely with our customers and suppliers to help them achieve their sustainability goals. This includes supporting their efforts in auditing and improving supply chains, sharing knowledge and assessments of risk on a species and location basis, and aligning their requirements with practical actions in local circumstances.

We value highly the reputation we have built from years of effort developing and improving the management and practices of the fisheries across the globe with which we trade. We continue to invest in their development. Our sustainability team and other leaders in our business inform, educate, and share ideas with stakeholders across the world. We are active in helping a wide range of parties to understand the changing consumer trends and increased regulations and how to react to these positively to deliver a more sustained market for their products and success for their local communities.

We support apprenticeships and programmes to assist the disabled and long term unemployed back into the workplace in appropriate roles. We have a thriving community of employees and consider diversity and continuous development to be fundamental to the success of the business. We continue to extend our community involvement. Charitable activities are encouraged and our colleagues have run events to raise money for a number of good causes.

We conduct regular briefing sessions with all employees to provide up to date information on the financial and economic factors affecting the Company (and wider Sealaska Group) and our markets. Employees also have representative committees at which their views are taken into account and fed into our decision-making processes.

In accordance with Section 54 of the Modern Slavery Act 2015 the board has prepared a Transparency Statement which can be viewed on the Company's web site.

**5. Key Stakeholders and Section 172**

The directors acknowledge their duty under Section 172 of the Companies Act 2006 and consider that they have, both individually and collectively, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole. In doing so, they have had regard (amongst other matters) to:

**5.1. The likely consequences of any decision in the long term**

The board undertook a detailed review of its five-year strategy and plans during the period, including its financial strategy which formed the basis of the updated financial forecasts and budgets, resource plans, and investment decisions, including those leading to the expansion of its Grimsby manufacturing facility.

**5.2. The interests of the Company's employees**

The board considers the Company employees to be primary stake holders of the Company under s172. The board is keen to retain its employees and appreciates their dedication to the Company, recognising the importance of developing and maintaining talent to the wider success and longer-term strategic objectives of the Company. Our senior leaders are engaged in the business objectives and strategy through their participation in our planning process, including the five-year plan, and motivated by competitive remuneration packages.

**5.3. The way we engage with our shareholders and the need to act fairly between members of the Company**

The board considers its ultimate parent company, Sealaska, to be the key stakeholder of the Company and is focused upon long-term value for their benefit, and that of our minority shareholders. The board includes representatives of Sealaska who are familiar with the business and actively participate in the good governance of the Company and its strategic plans. We further share our published results, monthly management accounts and various other key financial and non-financial reports to help Sealaska inform its group strategy, and to communicate and engage with its shareholders.

**5.4. The need to foster the Company's business relationships with suppliers, customers and others**

The board has a long history of collaborating with its suppliers and these relationships have been critical to the Company's success – the quality of our raw materials and food safety are central to our product offering, where we source from suppliers who are approved by our retail customers for their private label products. We are organised in a matrix structure that places our species at the heart of our business as pillars around which the wider business functions are organised. This engenders a strong relationship at senior management level with the supply chain for the relevant species, which we believe is important to ensuring we have access to raw materials of the appropriate quality at competitive pricing. This allows us to develop the market for our finished products, in turn supporting our suppliers in delivering their strategic objectives. We also support our suppliers in their business practices and capabilities through our CSR team, ensuring that collectively we can deliver industry leading products that meet the relevant standards, such as MSC and ASC where relevant.

Customers are our number one priority and we know that to be successful they must remain ahead of their competition in every way. When we serve our customers we remember that it is they who pay our salaries at the end of each month, therefore to remain competitive and their first choice we have to supply our customers with products and service that continually beat our competition. We must understand our customers really well; we have to inspire them and maintain great and enduring relationships with them, across all areas of our business.

**5.5. The impact of the Company's operations on the community and the environment.**

Our Company philosophy is to care for our oceans and the planet by sourcing fish sustainably and responsibly and by taking meaningful steps to reduce our environmental impact. Consideration of the impact on the environment on our day-to-day operations and how this can be minimized is central to how our business is run. Recycling considerations are just one example of considerations that we take when assessing decisions on packaging solutions and future strategic investments.

**5.6. The desirability of the Company maintaining a reputation for high standards of business conduct**

The Company strives to behave in a responsible manner by operating to a high standard of business conduct and good corporate governance. We believe this is inherent in everything we do and we ensure that we maintain high ethical standards in all our dealings. This includes transparency in our supply chains, which is well documented in our Modern Slavery Statement, available at our website at [www.neseafood.com](http://www.neseafood.com).



**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STRATEGIC REPORT**  
**For the year ended 31 December 2022**

This report was approved by the board on 10 May 2023 and signed on its behalf.



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**D T Aherne**  
**Director**

The directors present their report and the audited financial statements for the year ended 31 December 2022.

### **1. Principal activity**

The Company's principal activity is the import and processing of premium fish from sustainable sources around the world. These are marketed through retail, food service, and wholesale distribution channels to fulfil consumers' growing demands for the health and lifestyle benefits of eating fish.

### **2. Results and dividends**

The loss for the period, after taxation amounted to £335,000 (2021: Profit of £5,124,000).

The directors do not recommend the payment of a final dividend and no interim dividends were paid in the year.

### **3. Directors**

The directors who served during the period were:

D T Aherne  
D L Cassiano-Silva FCA  
T J Downes  
K D Rasmussen  
C G Rorem CPA

### **4. Future developments**

There are no significant changes expected in the future activities of the Group. Further details are provided in the Business review section of the Group Strategic Report.

### **5. Employee involvement**

The Company places considerable value on the awareness and involvement of its employees in the Company's performance. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Company (and the wider Sealaska Group) and that are of interest and concern to them as employees.

### **6. Directors' statement of compliance with duty to promote the success of the Company**

The directors are mindful of their statutory duty to act in the way they each consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, as set out in our 172(1) statement in the Strategic report. A consideration of the Company's relationship with wider stakeholders, including suppliers and customers, is also disclosed in the same statement.

### **7. Qualifying third party indemnity provisions**

The directors have the benefit of the indemnity provisions contained in the Company's Articles of Association (the 'Articles'), and the Company (directly, or by way of policies arranged through the Sealaska Group) has maintained throughout the year directors' and officers liability insurance for the benefit of the Company, the directors, and its officers.

### **8. Streamlined Energy & Carbon Reporting Scheme (SECR)**

We know we need to be driven, resourceful and imaginative in how we play our part in reducing the impact of climate change. The Company's reportable carbon emissions relate the Company's two sites in Chessington and Grimsby which are referred to below. The NESI Leadership Team is fully committed to making a difference within and beyond our business activities, an approach which is shared throughout the Sealaska Group. We recognise that the measurement and reduction of carbon emissions becomes increasingly important for the business in the short term and into the future. Working with like-minded suppliers (NESI has already taken this approach with sustainable fish sourcing) is key to our continuing success.

#### **Energy efficiency actions**

Energy efficiency actions carried out during the reporting period include:

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
For the year ended 31 December 2022

**Chessington:** a new tray wash has been installed to recirculate water, refrigerants have moved to CO2 with a lower Global Warming Potential (GWP), 3 new electric trucks have been ordered and the LEDs replacement project is continuing to achieve full LED installation.

**Grimsby:** lowered GWP of refrigerants has been achieved and water monitoring through smart metres began in September 2021, reducing water use and associated energy use.

Following the initiatives above to reduce energy use as well as purchasing renewable energy to minimise our environmental impact, a number of other energy efficiency measures are under consideration for implementation during our next reporting year.

#### **Streamlined Energy & Carbon Reporting Scheme (SECR) Details**

The reporting period is 1 January 2022 – 31 December 2022, being the 12-month period ended at the accounting reference period end.

An operational control approach has been used to assess emissions in line with the ISO 14064-1:2018 standard. The assessment uses emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows a location-based approach for assessing Scope 2 emissions from electricity usage.

The Company's total energy consumption for 2022 is 8,414,923.5 kWh (2021: 8,653,902). This includes the Company's electricity and natural gas usage in its two sites, as well as transport fuels for vans and grey fleet.

For 2022, the total scope 1 and 2 carbon emissions associated with the Company's reported energy use and fugitive emissions from refrigerant leaks, as well as scope 3 business travel are 2,213.9 tonnes CO<sub>2</sub>e (location-based) with the following breakdown of scope:

Scope	2022	2021 Restated <sup>(1)</sup>
1	418.3	498.7
2	1,462.4	1,690.0
3	333.2	184.0
Total Gross Location-Based Emissions (tonnes CO <sub>2</sub> e)	2,213.9	2,372.7
Tonnes CO <sub>2</sub> e per £million turnover	14.4	15.7

(1) The 2021 emissions were previously reported at 2,531.0 tCO<sub>2</sub>e and have been restated due to overestimating emissions associated with refrigerant leakage by 158.3 tCO<sub>2</sub>e at 507.3 tCO<sub>2</sub>e. The correct 2021 refrigerant emissions were 349.1 tCO<sub>2</sub>e. After revising refrigerant emissions, total Scope 1 emissions have decreased from 657.0 tCO<sub>2</sub>e to 498.7 tCO<sub>2</sub>e, for the 2021 reporting period, with total location-based emissions decreasing the same amount from 2,531.0 tCO<sub>2</sub>e to 2,372.7 tCO<sub>2</sub>e

#### **9. Post balance sheet events**

Details of significant events subsequent to the period end are provided in note 33 to the financial statements.

#### **10. Disclosure of information to auditor**

The directors confirm that:

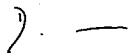
- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 31 December 2022**

**11. Independent Auditor**

Grant Thornton UK LLP were deemed to be reappointed as independent auditor to the Company in accordance with Section 485 of the Companies Act 2006,

This report was approved by the board on 10 May 2023 and signed on its behalf.



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**D L Cassiano-Silva, FCA**  
**Director**

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**For the year ended 31 December 2022**

The directors are responsible for preparing the Strategic Report, the Directors' 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**

**Opinion**

We have audited the financial statements of New England Seafood International Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Analysis of Net Debt and the 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 Financial Reporting Standard 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 Company's affairs as at 31 December 2022 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.

**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 Company 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 are responsible for concluding 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 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as COVID-19, the war in Ukraine, and the cost of living crisis including inflation rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. 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.

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

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

- the information given in the Strategic report and the Directors' report for the financial year 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.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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, 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Based on our understanding of the Company and industry we identified that the principal risks of non compliance with laws and regulations related to tax legislation, employment regulation, health and safety legislation and other food safety legislation specific to the industry and jurisdiction in which the Company operates in, and we considered the extent to which non compliance might have a material effect on the financial statements;
- We enquired of management, and those charged with governance, concerning the Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations;
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We have considered the impact of the sanctions against Russia on the Company's operations, customer base and credit risk as well as the possibility of further more restrictive sanctions being imposed and nothing has come to our attention to suggest that the operations or the liquidity of the Company have been adversely affected directly by the current political and economic situation other than the negative impact on capital markets and inflation. We reviewed management's assessment of the sanctions impact on the Company's operations;
- We corroborated the results of our enquiries to relevant supporting documentation including board minutes;
- We identified whether there is a culture of honest and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**

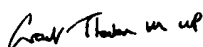
- understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provisions;
- In assessing the potential risk of material misstatement we obtained an understanding of:
  - the Company's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, management's knowledge of relevant laws and regulations and how the Company is complying with those laws and regulations, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Our audit procedures included:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material and manual journals, those posted directly to cash and unusual revenue postings;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.



**Amrish Shah BSc FCA**  
**Senior statutory auditor**  
**for and on behalf of Grant Thornton UK LLP**  
**Statutory Auditor, Chartered Accountants**  
**Reading**  
**Date: 10 May 2023**



**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	152,360	151,532
Cost of sales	6	(135,496)	(131,580)
<b>Gross profit</b>		<b>16,864</b>	<b>19,952</b>
Distribution costs		(3,395)	(2,742)
Administrative expenses		(14,287)	(14,187)
Profit/(loss) on disposal of property, plant and equipment		5	(39)
Other income		203	175
Income from shares in group undertakings		199	-
<b>Operating profit before depreciation, amortisation, profit/(loss) on disposal of property, plant and equipment and exceptional items</b>		<b>2,826</b>	<b>5,232</b>
Depreciation	15	(2,172)	(2,138)
Amortisation of goodwill	14	(113)	(113)
Profit/(loss) on disposal of property, plant and equipment		5	(39)
Exceptional items	6	(957)	217
<b>Operating (loss)/profit</b>	5	<b>(411)</b>	<b>3,159</b>
Interest payable and similar expenses	10	(466)	(215)
Interest receivable and similar income	11	22	-
<b>(Loss)/profit before tax</b>		<b>(855)</b>	<b>2,944</b>
Tax credit on loss/profit	12	520	2,180
<b>(Loss)/profit for the financial period</b>		<b>(335)</b>	<b>5,124</b>
<b>Other comprehensive income for the period</b>			
Fair value movement on derivatives net of deferred tax		258	601
<b>Other comprehensive income for the period</b>		<b>258</b>	<b>601</b>
<b>Total comprehensive income for the period</b>		<b>(77)</b>	<b>5,725</b>

There were no recognised gains and losses for either financial period presented other than those included in the Statement of comprehensive income.

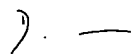
The results are from continuing operations in the current and prior period.

The notes on pages 20 to 34 form part of these financial statements.

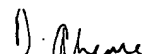
**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2022

	<b>Note</b>	<b>2022 £000</b>	<b>2021 £000</b>
<b>Non-current assets</b>			
Investments	13	4,497	-
Intangible assets	14	407	520
Tangible assets	15	13,490	13,456
		<u>18,394</u>	<u>13,976</u>
<b>Current assets</b>			
Stocks	16	25,104	19,283
Debtors	17	14,362	15,098
Cash at bank and in hand	18	488	6,432
		<u>39,954</u>	<u>40,813</u>
Creditors: amounts falling due within one year	19	(28,626)	(26,900)
<b>Net current assets</b>		<u>11,328</u>	<u>13,913</u>
<b>Total assets less current liabilities</b>		<u>29,722</u>	<u>27,889</u>
Creditors: amounts falling due after more than one year	20	(3,662)	(1,427)
<b>Provisions for liabilities and charges</b>			
Deferred tax	24	-	(325)
<b>Net assets</b>		<u>26,060</u>	<u>26,137</u>
<b>Capital and reserves</b>			
Called up share capital	26	76	76
Share premium account	27	475	475
Hedging reserve	27	269	11
Merger reserve	27	(1,091)	(1,091)
Profit and loss account	27	26,331	26,666
		<u>26,060</u>	<u>26,137</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 May 2023.



**D L Cassiano-Silva FCA**  
**Director**



**D T Aherne**  
**Director**

The notes on pages 20 to 34 form part of these financial statements.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2022

	<b>Called up Share capital £000</b>	<b>Share premium account £000</b>	<b>Hedging reserve £000</b>	<b>Merger reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2022</b>	<b>76</b>	<b>475</b>	<b>11</b>	<b>(1,091)</b>	<b>26,666</b>	<b>26,137</b>
<b>Comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(335)	(335)
Fair value movement on derivatives net of deferred tax	-	-	258	-	-	258
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>258</b>	<b>-</b>	<b>(335)</b>	<b>(77)</b>
<b>At 31 December 2022</b>	<b>76</b>	<b>475</b>	<b>269</b>	<b>(1,091)</b>	<b>26,331</b>	<b>26,060</b>

	<b>Called up Share capital £000</b>	<b>Share premium account £000</b>	<b>Hedging reserve £000</b>	<b>Merger reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2021</b>	<b>76</b>	<b>475</b>	<b>(590)</b>	<b>(1,091)</b>	<b>21,542</b>	<b>20,412</b>
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	5,124	5,124
Fair value movement on derivatives net of deferred tax	-	-	601	-	-	601
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>601</b>	<b>-</b>	<b>5,124</b>	<b>5,725</b>
<b>At 31 December 2021</b>	<b>76</b>	<b>475</b>	<b>11</b>	<b>(1,091)</b>	<b>26,666</b>	<b>26,137</b>

The notes on pages 20 to 34 form part of these financial statements.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2022

	2022	2021
Note	£000	£000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial period	(335)	5,124
<b>Adjustments for:</b>		
Amortisation of intangible assets	14      113	113
Depreciation of tangible assets	15      2,172	2,138
(Profit)/loss on disposal of tangible assets	(5)	39
Interest payable and similar expenses	1011      466	215
Interest receivable and similar income	11      (22)	-
Taxation charge	12      (520)	(2,180)
Increase in stocks	(5,821)	(3,202)
(Increase)/decrease in debtors	(1,348)	1,487
(Decrease) in creditors	(259)	(3,619)
Corporation tax received/(paid)	2,704	(819)
Dividends received	(199)	-
<b>Net cash (utilised in)/generated from operating activities</b>	<b>(3,054)</b>	<b>5,700</b>
<b>Cash flows from investing activities</b>		
Investments	13      (4,328)	-
Expenses incurred in the acquisition of investments	13      (169)	-
Purchase of tangible fixed assets	15      (2,235)	(5,075)
Sale of tangible fixed assets	34	27
Dividends received	199	-
Interest received	22	-
<b>Net cash used in investing activities</b>	<b>(6,477)</b>	<b>(5,048)</b>
<b>Cash flows from financing activities</b>		
Net (repayments to)/advances from fellow group companies	(2,424)	4,684
Interest paid	(470)	(174)
Net drawdown/(repayment) of loans and borrowings from non-group companies	6,693	(1,723)
New hire purchase agreements	560	790
Repayment of hire purchase agreements	(772)	(777)
<b>Net cash inflow from financing activities</b>	<b>3,587</b>	<b>2,800</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,944)</b>	<b>3,452</b>
Cash and cash equivalents at beginning of period	6,432	2,980
<b>Cash and cash equivalents at the end of period</b>	<b>18      488</b>	<b>6,432</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	488	6,432

The notes on pages 20 to 34 form part of these financial statements.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**ANALYSIS OF NET DEBT**  
For the year ended 31 December 2022

	<b>Note</b>	<b>At 1 January 2022 £000</b>	<b>Cash flows £000</b>	<b>Other non-cash changes £000</b>	<b>At 31 December 2022 £000</b>
Cash at bank and in hand	<b>18</b>	<b>6,432</b>	<b>(5,944)</b>	<b>-</b>	<b>488</b>
Debt due after 1 year	<b>21</b>	<b>-</b>	<b>2,227</b>	<b>(4,688)</b>	<b>(2,461)</b>
Debt due within 1 year	<b>21</b>	<b>(4,692)</b>	<b>(6,693)</b>	<b>4,692</b>	<b>(6,693)</b>
Finance leases	<b>22</b>	<b>(2,126)</b>	<b>212</b>	<b>-</b>	<b>(1,914)</b>
		<b>(386)</b>	<b>(10,198)</b>	<b>4</b>	<b>(10,580)</b>

	<b>Note</b>	<b>At 1 January 2021 £000</b>	<b>Cash flows £000</b>	<b>Other non-cash changes £000</b>	<b>At 31 December 2021 £000</b>
Cash at bank and in hand	<b>18</b>	<b>2,980</b>	<b>3,452</b>	<b>-</b>	<b>6,432</b>
Debt due within 1 year	<b>21</b>	<b>(1,723)</b>	<b>(2,927)</b>	<b>(42)</b>	<b>(4,692)</b>
Finance leases	<b>22</b>	<b>(2,113)</b>	<b>(13)</b>	<b>-</b>	<b>(2,126)</b>
		<b>(856)</b>	<b>512</b>	<b>(42)</b>	<b>(386)</b>

## 1. General information

New England Seafood International Limited is a private company limited by shares and incorporated in England and Wales. The address of its registered head office is shown on page 1.

In common with most companies in the food manufacturing sector, the Company manages its business by reference to calendar weeks. As per the Companies Act s390, the financial period may begin or end on dates which are not more than seven days before or after the accounting reference date, which is 31 December for the Company. As such, the 2022 fiscal period ends on 1 January 2023 and the financial statements have accordingly been prepared to this date. The prior period was the 52-week period ended 2 January 2022.

## 2. Accounting policies

### 2.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies, and in accordance with Financial Reporting Standard 102 ('FRS 102'), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. Further details on these estimates and judgements are provided in note 3.

### 2.2. Exemption from preparing consolidated financial statements

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. The Company is included in the consolidated financial statements of Sealaska Foods International Holdings Limited as at 31 December 2022, a copy of which may be obtained from Companies House. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### 2.3. Going concern

The economic uncertainty and challenges in the UK, and globally, are unprecedented and constantly evolving. 2022 was characterised by ever increasing inflationary challenges in raw materials, labour, transport and distribution, energy and substantially all input costs. The level of inflation necessitated price rises to our customers who, in turn, were forced to increase prices to end consumers. This has been particularly marked for the Company's retail customers (representing the major grocery suppliers in the UK) with UK home food inflation at 18% in the year to January 2023. With consumers' disposable income squeezed between rapidly rising prices and below inflation pay rises, and with interest rates rising rapidly, there has been an inevitable shift in consumption patterns towards value alternatives. With the products the Company sells being generally higher £/Kg protein options, this trend has resulted in a fall in volumes, consistent with the general chilled fish sector volume contraction which was 10.2% in 2022 (Kantar, 52 weeks ending 25 December 2022). The industry dynamics are more fully described in the Business review section of the Strategic report on page 2. This volume reduction has inevitably impacted profitability and, to maintain a sustainable business, the Company implemented sizeable cost reduction programmes in H2-2022 which have maintained our operations EBITDA generative in 2022 and provided a right sized platform for growth in 2023.

While risks and challenges emerge from this unsettled competitive landscape, there were also many opportunities which developed in 2022 which we have been ready to capitalise on, leveraging the financial strength and vision of our parent company Sealaska Corporation, along with our strong management team, excellent customer and consumer offering in our products and well managed, modern manufacturing sites with capacity for expansion. Through a series of competitive retail tenders, we have both defended our existing Retail business, and secured material increases to our volume and revenues which will start to favourably impact our results from H2-2023. These contracts, underpinned by our positive outlook for the category, have supported a significant c£15,000,000 expansion of our Grimsby production facility to develop a state of the art, highly efficient, modern production site. The expansion is being funded by a combination of £3,000,000 equity investment from our parent company, and a £12,000,000 credit facility provided by Barclays Bank PLC (the 'RCF'), the long-standing banker to NESI (refer to note 33).

The Company has prepared forecasts covering the period of at least 12 months from the date of approval of these financial statements. The forecast has been stress tested and, even in scenarios which the directors believe to be highly unlikely, the Company remains cash generative and able to trade within its existing, committed borrowing facilities. In certain circumstances, the forecast, when stress tested, could result in breaching certain of the financial covenants included in the RCF (note 33). The directors consider any breach to be highly unlikely, with current and forecast trading providing significant headroom against the financial covenants. The RCF is guaranteed by Sealaska, which has the financial capacity and has confirmed its intent to honour the guarantee should this be required.

**NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2022

The directors therefore believe that with existing resources, including available undrawn borrowing facilities and committed support from Sealaska, the Company is able to manage its business risks. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

## **2.4. Foreign currency translation**

### **2.4.1. Functional and presentation currency**

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency) which is pounds sterling ('GBP').

### **2.4.2. Transactions and balances**

In preparing the financial statements of the company, foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income, except when deferred in Other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of comprehensive income within 'Administrative expenses'.

## **2.5. Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised from the sale of goods:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income is recognised when the shareholder's rights to receive payment have been established.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

## **2.6. Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

## **2.7. Hire purchase agreements: the Company as lessee**

Assets obtained under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of comprehensive income to produce a constant periodic rate of charge on the net obligation outstanding in each period.

## **2.8. Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **2.9. Pensions**

The Company contributes to defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. The assets of the plan are held separately from the Company in independently administered funds.

## **2.10. Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are disclosed separately due to their size or incidence.

## **2.11. Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as Other comprehensive income or to an item recognised directly in equity is also recognised in Other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Company accounts for research and development tax relief as an 'Above the Line' (ATL) credit within Administrative expenses. The ATL credit is subject to corporation tax at the Company's tax rate. The Company accounts for patent box tax relief on an accruals basis where there is reasonable certainty over the amounts qualifying for relief.

## **2.12. Intangible assets**

Goodwill represents the amount reclassified from the carrying value of investments subsequent to the hive-up of the trade and assets of Albert Darnell Limited on 22 July 2018. The goodwill is amortised on a straight line basis over its useful economic life which is estimated at ten years.



### 2.13. Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and commences when the asset is available for use in the way intended by the Company.

Depreciation is provided on the following basis:

Land and buildings	- 2 to 20 years for the building element, depending on the nature of the asset. There is no depreciation on the land element.
Plant and machinery	- 1 to 10 years straight line, depending on the nature of the asset.
Motor vehicles	- 5 years straight line.
Fixtures and fittings	- 1 to 5 years straight line.

The assets' residual values, useful lives and depreciation methods are reviewed if there is an indication of a significant change since the last reporting date and adjusted prospectively if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income

### 2.14. Investments

The Company measures investments in subsidiaries and associate companies at cost less accumulated impairment. Details of the Company's direct and indirect subsidiary undertakings are shown in note 13. These companies are referred to as follows throughout these financial statements:

• Joui Sushi Limited	- Joui
• IceMar ehf	- IceMar
• AGS Holding ehf	- AGS-Holding
• AG-Seafoods ehf	- AG-Seafoods

### 2.15. Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes the cost of purchase, costs of conversion, and other costs incurred in bringing the stock to its present location and condition on an actual cost basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

### 2.16. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.17. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.18. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## **2.19. Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made they are charged to the provision carried in the Statement of financial position.

## **2.20. Financial instruments**

The Company principally enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which approximates the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives that are not accounted for as hedges are recognised in the Statement of comprehensive income in finance costs or other income as appropriate. The Company applies hedge accounting for foreign exchange derivatives in accordance with the policy in note 2.21 below.

## **2.21. Hedge accounting**

The Company uses forward foreign currency exchange contracts to manage its exposure to cash flow risk on its foreign currency purchases. These derivatives are measured at fair value at each balance sheet date.

To the extent that these cash flow hedges are effective, movements in fair value are recognised in Other comprehensive income and presented in a separate Hedging reserve. Any ineffective portion of those movements are recognised in the Statement of comprehensive income for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in the Statement of comprehensive income for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

## **2.22. Dividends**

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded with a corresponding effect in the Statement of comprehensive income, if, and when, better information is obtained.

Critical judgements that management has made in the process of applying the accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements (other than for the going concern assumption where is discussed in note 2.3) are detailed below.

The Company manages currency risk through derivative forward currency contracts (refer to note 25) which are recorded at fair value at the reporting period end. The fair value of these financial instruments is a net asset of £332,000 (2021: net liability of £159,000). The fair value of these financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to make assumptions that are mainly based on market conditions existing at the end of each reporting period relating to key inputs, such as the forward interest rate differential between GBP and the relevant currency. Changes to these assumptions, reflecting updated estimates, could result in a material change to the fair value of these derivative instruments.

The Company has inventories of raw materials and goods for resale with a carrying value of £25,104,000 (2021: £19,283,000) which are principally frozen goods held in third party cold stores. The Company estimates inventory provisions against these items based on a combination of past experience, future expected sales and purchases and specific knowledge of stock batches which require provision based on, for example, stock age or known defects. Because the inventory is mainly frozen, quality issues may not however become apparent until after defrosting and there is therefore a risk that inventory provisions may be adjusted in future periods.

In December 2022, HMRC initiated a compliance check into the Company's patent box claim for the period 3 June 2014 to 31 December 2020, with a tax value of approximately £2,815,000 (the 'Patent Box Claim'), of which £2,218,000 has been repaid by HMRC as at 31 December 2022 and £597,000 is recognised within deferred tax as at 31 December 2022. Determining the Patent Box Claim involved judgement in the determination of the income and overheads to be allocated to the patented income stream. The Company, in consultation with its tax and patent legal advisors, has provided a full and comprehensive response to the information requests raised to date and remains confident that the basis of preparation of the Patent Box Claim is appropriate. No provision has therefore been made for any amounts to be repaid, or for an adjustment to the carrying value of deferred tax assets as the directors consider the probability of this to be remote.

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the Company. £5,367,000 (2021: £4,688,000) of turnover arose from outside the United Kingdom.

### 5. Operating (loss)/profit

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

	2022 £000	2021 £000
Depreciation of tangible fixed assets	2,172	2,138
(Profit)/loss on disposal of property, plant and equipment	(5)	39
Amortisation of goodwill	113	113
Other operating lease rentals	1,274	1,361
Government grants	(31)	(60)

### 6. Exceptional items

	2022 £000	2021 £000
Exceptional items charged / (credited) to Cost of sales	348	(217)
Exceptional items charged to Administrative expenses	609	-
	957	(217)

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Exceptional Administrative expenses represent amounts paid by the Company in the restructuring of its administrative and other support functions and include all relevant expenditure, such as redundancy payments. Exceptional Cost of sales items represent amounts paid by the company in the restructuring of its factory operations, including shift pattern changes resulting in staff redundancies. Exceptional items in 2021 represent the partial reversal of exceptional bad debt and stock losses recorded in 2020 because of the COVID pandemic. These items are identified as Exceptional items due to their significance in the year.

**7. Auditor's remuneration**

	2022 £000	2021 £000
Fees payable to the auditor and its associates for the audit of the annual financial statements	89	70
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	8	7
Other assurance-related services	-	11
Other advisory services	5	19
	<b>102</b>	<b>107</b>

**8. Employees and directors**

Staff costs, including Directors, were as follows:

	2022 £000	2021 £000
Wages and salaries	21,318	21,429
Social security costs	2,160	2,049
Cost of defined contribution scheme	458	448
	<b>23,936</b>	<b>23,926</b>

The average monthly number of employees, including the directors, during the period were as follows:

	2022 No.	2021 No.
Processing, sales and distribution	484	537
Administration	128	124
	<b>612</b>	<b>661</b>

**Directors' remuneration**

	2022 £000	2021 £000
Directors' emoluments	465	490
Company contributions to defined contribution pension scheme	18	19
	<b>483</b>	<b>509</b>

During the period retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes. The highest paid director received remuneration of £234,000 (2021 - £298,000). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,000 (2021 - £10,000).

**Key management compensation**

Key management includes the directors and members of the leadership team. The compensation paid or payable to key management for employee services (salaries, bonuses and other short-term benefits) was £1,969,000 (2021: £1,984,000).

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**9. Other income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Furlough grant income	-	60
RDEC tax claim	127	97
Grant income	31	-
Rental income	25	-
Other	20	18
	<b>203</b>	<b>175</b>

**10. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	207	87
Hire purchase agreements	74	86
On loans from Sealaska Group companies	185	42
	<b>466</b>	<b>215</b>

**11. Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	6	-
Other interest receivable	16	-
	<b>22</b>	<b>-</b>

**12. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Adjustment in respect of previous periods	19	(2,206)
Foreign tax withheld on dividends	10	-
<b>Total current tax charge/(credit)</b>	<b>29</b>	<b>(2,206)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(284)	617
Adjustment in respect of previous periods	(175)	(526)
Adjustment to tax rates	(90)	(65)
<b>Total deferred tax (credit)/charge</b>	<b>(549)</b>	<b>26</b>
<b>Taxation credit on (loss)/profit on ordinary activities</b>	<b>(520)</b>	<b>(2,180)</b>

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**Factors affecting tax (credit)/charge for the period**

The tax assessed for the period is lower than (2021: lower than) the standard rate of corporation tax in the UK of differences are explained below:

	2022 £000	2021 £000
(Loss)/profit on ordinary activities before tax	<u>(855)</u>	<u>2,944</u>
(Loss)/(profit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(163)	559
<b>Effects of:</b>		
Expenses not deductible for tax purposes	15	6
Fixed asset differences	82	123
Adjustment to tax rates	(90)	83
Adjustments to tax charge in respect of prior periods	(156)	(2,732)
Adjustments to tax from Patent box relief	(218)	(219)
Foreign tax on dividends	10	
<b>Total tax (credit)/charge for the period</b>	<u><b>(520)</b></u>	<u><b>(2,180)</b></u>

There are no significant factors that are expected to affect the Company's tax charge in future periods, other than for the change in the UK corporation tax rate to 25% from April 2023. In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted in 2021 and is therefore used to measure UK deferred taxes in both 2021 and 2022, to the extent the related timing differences are expected to reverse in 2023 or later. Temporary differences at the Statement of Financial Position date have been measured using the enacted tax rates and reflected in these financial statements. Significant judgements made in respect to the Company's patent box claims are disclosed in note 3.

**13. Investments**

	Subsidiary companies £000	Associate companies £000	Total £000
<b>Cost and Net book value</b>			
At 1 January 2022	-	-	-
Acquisition in the period of IceMar and AGS	2,396	1,932	4,328
Acquisition related expenses	97	72	169
At 31 December 2022	<u>2,493</u>	<u>2,004</u>	<u>4,497</u>

On 7 February 2022, the Company acquired 60% of the issued ordinary share capital, and voting rights, in IceMar ehf. IceMar's principal activity is the worldwide export of high-quality fish products from Iceland destined for the retail, food service and wholesale distribution channels to fulfil consumers' growing demands for the health and lifestyle benefits of eating fish. On the same date, the Company acquired 25% of the issued share capital of AGS Holding ehf., the holding company for AG-Seafoods ehf. AG-Seafoods' principal activity is the purchase and processing of fish products from Iceland for export markets. IceMar, AGS and AG-Seafoods' are incorporated in Iceland.

The following are the investments of the Company, all of which are in ordinary shares:

Name	Holding	Principal Activity	Registered address	Net assets at 31 December 2022 £000	Profit/(loss) for the year ended 31 December 2022 £000
<b>Direct investments</b>					
Joi Sushi Limited	100%	Dormant	48 Cox Lane, Chessington, KT9 1TW, England	-	-
IceMar ehf	60%	Marketing and export of fish products from Iceland	Hafnargata 62, 230 Reykjanesbær, Iceland	860	617
AGS Holding ehf	25%	Holding company	Strandgata 6-8, 245 Sandgerði, Iceland	1,975	(5)
<b>Indirect investments</b>					
AG-Seafoods ehf	25%	Processing of fish products in Iceland for export markets	Strandgata 6-8, 245 Sandgerði, Iceland	3,001	818

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**14. Intangible assets**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	<u><b>1,142</b></u>
<b>Amortisation</b>	
At 1 January 2022	<b>622</b>
Charge for the year	<u><b>113</b></u>
At 31 December 2022	<u><b>735</b></u>
<b>Net book value</b>	
At 31 December 2022	<u><b>407</b></u>
At 31 December 2021	<u><b>520</b></u>

Amortisation of Intangible fixed assets is included in Administrative expenses. Goodwill is amortised over its expected useful life of 10 years.

**15. Tangible fixed assets**

	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Motor vehicles £000</b>	<b>Fixtures and fittings £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 3 January 2022	<b>6,395</b>	<b>19,380</b>	<b>283</b>	<b>4,932</b>	<b>30,990</b>
Additions	<b>662</b>	<b>921</b>	<b>1</b>	<b>651</b>	<b>2,235</b>
Disposals	<b>(11)</b>	<b>(571)</b>	<b>(112)</b>	<b>(525)</b>	<b>(1,219)</b>
At 1 January 2023	<u><b>7,046</b></u>	<u><b>19,730</b></u>	<u><b>172</b></u>	<u><b>5,058</b></u>	<u><b>32,006</b></u>
<b>Depreciation</b>					
At 3 January 2022	<b>587</b>	<b>12,991</b>	<b>164</b>	<b>3,792</b>	<b>17,534</b>
Charge for the period	<b>288</b>	<b>1,324</b>	<b>44</b>	<b>516</b>	<b>2,172</b>
Disposals	<b>(10)</b>	<b>(557)</b>	<b>(110)</b>	<b>(513)</b>	<b>(1,190)</b>
At 1 January 2023	<u><b>865</b></u>	<u><b>13,758</b></u>	<u><b>98</b></u>	<u><b>3,795</b></u>	<u><b>18,516</b></u>
<b>Net book value</b>					
At 1 January 2023	<u><b>6,181</b></u>	<u><b>5,972</b></u>	<u><b>74</b></u>	<u><b>1,263</b></u>	<u><b>13,490</b></u>
At 3 January 2022	<u><b>5,808</b></u>	<u><b>6,389</b></u>	<u><b>119</b></u>	<u><b>1,140</b></u>	<u><b>13,456</b></u>

The net book value of assets held under hire purchase contracts, included above, are as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Plant and machinery	<b>2,165</b>	<b>2,000</b>
Motor vehicles	<u><b>74</b></u>	<u><b>76</b></u>
	<u><b>2,239</b></u>	<u><b>2,076</b></u>

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Depreciation of tangible fixed assets is charged to 'Cost of sales' or 'Administrative expenses' depending on the nature of the item being depreciated as follows:

	2022 £000	2021 £000
Charged to Cost of sales	1,608	1,509
Charged to Administrative expenses	564	629
	<u>2,172</u>	<u>2,138</u>

#### 16. Stocks

	2022 £000	2021 £000
Raw materials and goods for resale	24,619	18,858
Engineering consumables	485	425
	<u>25,104</u>	<u>19,283</u>

The difference between the purchase price or production cost of stocks and their replacement cost is not material. Stock recognised in Cost of sales during the period as an expense was £106,959,000 (2021: £102,706,000).

#### 17. Debtors

	2022 £000	2021 £000
Trade debtors	10,453	9,476
Amounts owed by Sealaska Group undertakings	163	-
Other debtors	1,846	1,720
Prepayments and accrued income	1,076	957
Corporation tax	170	2,776
Deferred taxation (note 24)	142	-
Derivative financial instruments	512	169
	<u>14,362</u>	<u>15,098</u>

There was no impairment loss or reversal recognised against trade debtors in 2022 (2021: loss reversal of £43,000). At the period end, 'Amounts owed by Sealaska group undertakings' are unsecured, non-interest bearing and owed to the Company from Sealaska Foods LLC. These amounts are settled in cash in the normal course of business.

#### 18. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	488	6,432

#### 19. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Bank loans	6,693	-
Trade Creditors	17,502	17,324
Amounts due to Sealaska Group undertakings (note 21)	-	4,726
Other taxation and social security	621	782
Obligations hire purchase agreements (note 22)	717	728
Other creditors	454	656
Accruals and deferred income	2,458	2,356
Derivative financial instruments	181	328
	<u>28,626</u>	<u>26,900</u>



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**20. Creditors: Amounts falling due after more than one year**

	2022 £000	2021 £000
Amounts due to Sealaska Group undertakings (note 21)	2,461	-
Obligations under hire purchase agreements (note 22)	1,197	1,398
Other creditors	4	29
	<u>3,662</u>	<u>1,427</u>

**21. Loans**

	2022 £000	2021 £000
<b>Amounts falling due within one year</b>		
Bank loans	6,693	-
Amounts owed to Sealaska Group companies (note 20 and 19)	-	4,692
	<u>6,693</u>	<u>4,692</u>
<b>Amounts falling due after more than one year</b>		
Amounts owed to Sealaska Group companies (note 20 and 19)	2,461	-
	<u>2,461</u>	<u>-</u>
	<u>9,154</u>	<u>4,692</u>

Bank loans represent working capital facilities provided by Barclays Bank PLC comprising multi-currency overdraft, trade loan and confidential invoice discounting facilities (the 'Working Capital Facilities'). Interest is charged at the BOE Base Rate, plus an interest margin ranging from 1.85% to 2.35%. The Working Capital Facilities are secured by fixed and floating charges over the Company's assets. The overdraft and trade loan facilities renewed in December 2022 for one year, with limits of respectively £2,000,000 and £6,000,000; the confidential invoice discounting facility renews bi-annually and falls for renewal in July 2023 with a maximum facility of £13,500,000.

At the period end, amounts due to Sealaska Foods International Holdings Limited ('SFIHL') are provided pursuant to an unsecured, up to £10 million revolving credit facility (the 'SFIHL Facility'), repayable on 22 March 2027. Interest accrues on the SFIHL Facility at an annual rate equal to the Bank Of England Base Rate (the 'BOE Base Rate') plus 4.0% (the 'Interest Rate Margin'). The BOE Base Rate is currently 4.25%. The SFIHL Facility was amended during the period in March 2022 such that it became repayable on 21 March 2027. Subsequent to the period end in January 2023, the terms of the SFIHL Facility were amended such that (1) the SFIHL Facility is repayable after seven years on 24 January 2030, (2) the Interest Rate Margin increased to 5%, and (3) interest will be payable quarterly at the Company's election or, if no such election is made, interest will be added to the outstanding principal of the SFIHL Facility. Early repayment is possible at the discretion of the directors of the Company and subject to the terms of the Company's banking facilities (refer to note 33).

**22. Hire purchase agreements**

Minimum lease payments under hire purchase agreements fall due as follows:

	2022 £000	2021 £000
Within one year	717	728
Between one and five years	1,197	1,398
	<u>1,914</u>	<u>2,126</u>

Hire purchase agreements are secured by a charge on certain items of plant and machinery and motor vehicles. These amounts are repayable over fixed periods and at fixed interest rates (ranging from 2.75% to 4%) that are agreed at the inception of each agreement.

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**23. Financial instruments**

	2022 £000	2021 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	512	169
Financial assets measured at amortised cost	<u>12,926</u>	<u>17,628</u>
	<u>13,438</u>	<u>17,797</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	181	328
Financial liabilities measured at amortised cost	<u>31,855</u>	<u>27,722</u>
	<u>32,036</u>	<u>28,050</u>

Financial assets and liabilities measured at fair value through profit or loss comprise foreign currency derivative financial instruments (note 25). Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by Sealaska Group undertakings. Financial liabilities measured at amortised cost comprise trade creditors, bank and other loans and overdrafts, obligations under hire purchase agreements, accruals, other creditors and amounts due to Sealaska Group companies.

**24. Deferred taxation**

	2022 £000	2021 £000
At beginning of period	(325)	(180)
Charged to other comprehensive income	(82)	(119)
Charged to profit or loss	<u>549</u>	<u>(26)</u>
<b>At end of period – asset/(provision)</b>	<u>142</u>	<u>(325)</u>

The asset/(provision) for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(1,017)	(777)
Short term timing differences	(36)	34
Losses and other deductions	<u>1,195</u>	<u>418</u>
	<u>142</u>	<u>(325)</u>

**25. Derivative financial instruments**

At the period end, the Company had entered into forward currency exchange contracts to reduce its exposure to movements in the principal exchange rates in which it transacts. These contracts were formally designated as cash flow hedges and are held on the balance sheet as derivative financial instruments. The hedged cash flows are considered highly likely to occur within the next twelve months. Outstanding contracts at the period end are:

€7,475,000 at exchange rates of between 1.13 and 1.16 €/£ (2021: €15,580,000 at rates ranging between 1.16 and 1.18 €/£). At the period-end, the difference between contracted rates and period end rates is a gain of £160,000 (2021: loss of £159,000).

\$6,450,000 at exchange rates ranging between 1.13 and 1.26 \$/£ (2021: \$16,494,000 at rates ranging between 1.32 and 1.41 \$/£). At the period-end, the difference between contracted rates and period end rates is a loss of £84,000 (2021: profit of £84,000).

¥770,000,000 at exchange rates ranging between 161 and 164 ¥/£ (2021: ¥835,000,000 at rates ranging between 150 and 155 ¥/£). At the period-end, the difference between contracted rates and period end rates is a gain of £255,000 (2021: loss of £84,000).

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**26. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
758,896 (2021 - 758,896) Ordinary shares of £0.10 each	<b>75,890</b>	<b>75,890</b>

The Company has one class of Ordinary shares of £0.10 each. The Ordinary shares have full dividend and capital rights. There are no restrictions on the number of Ordinary shares that can be issued.

**27. Reserves****Share premium account**

Includes any premiums received on the issue of share capital. Transaction costs associated with the issuing of shares are deducted from the share premium.

**Hedging reserve**

Comprises the cumulative gain or loss on derivative financial instruments that qualify for hedge accounting.

**Merger reserve**

The merger reserve includes unrealised gains and losses arising from the adjustment to the carrying value of investments in group companies resulting from group re-organisations.

**Profit and loss account**

Includes all current and prior period accumulated profits or losses.

**28. Capital commitments**

At the period end the Company had capital commitments as follows:

	2022 £000	2021 £000
Contracted for but not provided in these financial statements	<b>940</b>	<b>150</b>

Capital commitments principally comprise amounts relating to the development of the Company's production facility in Grimsby.

**29. Pension commitments**

The Company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the schemes and amounted to £458,000 (2021: £448,000). Contributions totalling £110,000 (2021: £172,000) were payable to the schemes at the reporting date.

**30. Commitments under operating leases**

At the period end the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Not later than 1 year	<b>931</b>	1,068
Later than 1 year and not later than 5 years	<b>484</b>	1,111
Later than 5 years	<b>25</b>	-
	<b>1,440</b>	<b>2,179</b>

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**31. Related party transactions**

	2022 £000	2021 £000
<b>Sealaska Foods International Holdings Limited LLC ('SFIHL')</b>		
(Repayment)/drawdown under the SFIHL Facility	(2,227)	4,650
Interest payable on the SFIHL Facility	185	42
Interest paid on the SFIHL Facility	188	-
Amounts due to SFIHL at the period end	2,461	4,692
<b>Sealaska Corporation ('Sealaska')</b>		
Expenditure incurred on behalf of the Group	-	34
Amount due to Sealaska at period end	-	34
<b>Sealaska Foods LLC ('SFL')</b>		
Expenditure incurred on behalf of SFL	163	-
Amount receivable at the period end	163	-
<b>IceMar ehf. ('IceMar')</b>		
Investment in equity shares	2,396	-
Purchases from IceMar	1,093	-
Amount due at period end	-	-
<b>AGS Holding ehf. ('AGS')</b>		
Investment in equity shares	1,932	-

SFIHL, SFL and Sealaska are related parties by virtue of their direct or indirect shareholding in the Company as disclosed in note 32. IceMar and AGS are related parties by virtue of the Company's shareholding in those companies (note 13). Details on financing provided by SFIHL to the Company are disclosed in note 20.

All related party transactions are on an arm's length basis.

**32. Controlling party**

The Company's ultimate controlling party is Sealaska Corporation ('Sealaska'), an Alaska Native regional corporation established pursuant to the Alaska Native Claims Settlement Act (ANCSA). The Company's immediate parent company is Sealaska Foods International Holdings Limited (formerly 'Sealaska European Holdings Limited'), which holds a 94.6% beneficial interest in the Company. SFIHL is 100% indirectly controlled by Sealaska Corporation. SFIHL is the smallest group of undertakings for which group accounts are drawn up. Copies of the financial statements for SFIHL can be obtained from the Companies House website. Sealaska is the largest group of undertakings for which group accounts are drawn up. The financial statements of Sealaska are not publicly available.

**33. Events subsequent to the balance sheet date**

On 13 February 2023 SFIHL advanced £3,000,000 through the SFIHL Facility to provide funding for the development of the Group's production facility in Grimsby (the 'Grimsby Expansion'). The remaining funding for the Grimsby Expansion was finalised on 28 February 2023 with Barclays Bank PLC through the provision of a £12,000,000 revolving credit facility (the 'RCF'). The RCF is repayable after three years, with up to two annual extensions available to the Company, at the Lenders consent. The RCF facility limit will be reduced to £7,000,000 from 28 February 2026. Interest is charged on the drawn and committed facilities at market rates. The RCF is secured by a fixed and floating charge over all of the Company's assets, including fixed charges over the Company's freehold land and buildings in Grimsby. The Company's obligations under the RCF are guaranteed by Sealaska. In accordance with the terms of the RCF, the repayment of both capital and interest on the SFIHL Facility due by the Company is fully subordinated until 1 January 2025; payment of interest is permissible after this date, subject to the Company complying with the financial covenant terms of the RCF. The SFIHL Facility was amended in January 2023 in connection with the RCF as disclosed in note 21.