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**LOCH DUART LIMITED**  
(Company Number: SC195923)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 MARCH 2013**

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**LOCH DUART LIMITED**  
(Company Number: SC195923)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 MARCH 2013**

**Anderson Anderson & Brown LLP**  
*Chartered Accountants*

**LOCH DUART LIMITED  
DIRECTORS' REPORT**

Directors:           A J Balfour  
                      A J C Bing  
                      N H Joy  
                      Dr A Barbour  
                      A Williamson  
                      M Woods  
                      J Georke           (appointed 1 November 2012)  
                      A Anderson       (resigned 31 July 2012)  
                      T O'Shea         (resigned 31 October 2012)  
                      B Demeroutis   (resigned 31 October 2012)

Secretary:           A J Balfour

Registered office:   15 Atholl Crescent, Edinburgh

The directors submit their report and the audited financial statements of the group for the year ended 30 March 2013.

**RESULTS AND DIVIDENDS**

The consolidated group loss for the year, amounting to £7,711,145 (2012 - £384,660) has been dealt with as shown in the consolidated profit and loss account. There were no dividends paid in the year (2012 - £nil). The company loss of £7,596,100 (2012 - profit - £92,539) is also displayed.

**PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS**

The principal activity of the group and company is that of salmon farming in the North West of Scotland. During the year the group continued the development of its farming operations in Nova Scotia, Canada, acquired the previous year, as well as pursuing the pilot phase of production of kob in Mozambique through its Associate company. It is the Group's intention to apply to these businesses the same unique environmental and welfare policies as are applied to existing operations and on which the group's reputation has been built.

Loch Duart Limited is owned by a number of private shareholders and institutions, none of whom individually hold a majority. The company operates throughout Scotland.

The results for the year are set out on page 6 and the Directors are disappointed to report a loss after tax of £7,711,145. This result includes the costs incurred in securing funding for the international ventures mentioned above, and, more significantly, a major trading loss in Scotland. The development of fish farming operations through the production phase prior to first sales from any location is by its very nature, loss making. Separating the Company from the Group shows the performance of the Scottish salmon farming operations.

**SCOTLAND**

The company continues to invest significantly in Research and Development to improve certain areas of production. That includes not just production processes, but strategic improvements. During the year, the company started to implement a development of its unique fallowing process in order to minimise the exposure of fish to sea lice and enhance the impact of fallow periods. The strategy will take a full production cycle to implement fully, but early indications are that it is having a positive impact.

**LOCH DUART LIMITED**  
**DIRECTORS' REPORT**

**SCOTLAND (continued)**

Our markets continue to strengthen and despite the poor production volumes in the financial year, the company's brand strength allowed it to achieve strong prices. It is important to the company to emerge rapidly from the last year's performance. The investment in the 2012 year class on which the coming financial year depends was not compromised. The company anticipates a return to normal production volumes as a result of that investment. That has depended on the quality and hard work of our staff who produce our salmon and smoked salmon, who responded with commitment and imagination to the extremely difficult conditions faced during the year.

**CANADA**

The Canadian operation has now completed its first production cycle with a successful acceptance of the fish into the market at good prices. It is pursuing new sites with which to increase its production. During the year the company's site was affected by a statistically unlikely weather event which caused a material loss of fish. Those fish were insured, the remaining fish were carried through to harvest after which the new sites are required to allow further investment. As a result of this position, a provision of £1.75m has been included against the debt due from Canada to Scotland. The company no longer has fish in the sea and that will remain the case until new sites are available for stocking.

**MOZAMBIQUE**

The joint venture operation has successfully grown fish to the desired market size with good production metrics such as survival levels and feed conversion rates. None had been sold by the year end, but market testing was positive and the first harvests happened in autumn 2013 at expected prices. The company requires funding to develop its operations to a commercial scale and is actively seeking funding partners, in addition to the existing investors, with which to achieve that. Since the year end it has become clear that the political situation in Mozambique, with elections imminent, is not providing the stable background which had previously existed and which funders require. As a result the company has provided in full for its investment in the country. Despite that it remains the case that successful production of a new species has been achieved economically and been received well by customers. That intellectual property may well have value and the company will pursue avenues to realise value from it.

**LOCH DUART LIMITED**  
**DIRECTORS' REPORT**

**POST BALANCE SHEET EVENT**

The trading for the year required the company to approach its investors for funding, which was forthcoming. At the year end that, and earlier, funding took the form of convertible debt of £6,050,000 and a term loan of £2,000,000. After the year end most of that debt was converted as disclosed at note 29. Had that occurred prior to the year end the Balance Sheet would be displayed as follows:

	2013 £	2013 Restated £
Fixed assets	12,582,033	12,582,033
Current assets	12,633,280	12,633,280
Creditors due within one year	12,174,226	9,774,786
Net current assets	459,054	2,858,494
Creditors due after more than one year	7,144,479	1,307,661
Investment in associate	183,490	183,490
Deferred income	611,619	611,619
	<u>£ 5,101,499</u>	<u>£ 13,337,757</u>
Shareholders funds	<u>£ 5,101,499</u>	<u>£ 13,337,757</u>

**LOCH DUART LIMITED**  
**DIRECTORS' REPORT**

**PRINCIPLE RISKS AND UNCERTAINTIES**

The company exports a significant percentage of its production and is therefore exposed to exchange rate movements. The company seeks to manage this risk via appropriate treasury management.

The geographic and species diversification spreads the group risk over more locations, sales markets and health & welfare issues. This diversification will reduce the operational and hence financial risk faced by the business.

In order to secure the new investments and to support the Scottish operations, substantial new sources of funds were required during the year. Existing investors have increased their commitments to the group and the Scottish Investment Bank made a loan of £2M to the company.

Since the year end, £8M of debt and accrued interest has been converted to equity as planned. That strengthening of the Balance Sheet after a year of significant loss demonstrates the confidence which investors have in the prospects for the company.

**ENVIRONMENT AND WELFARE**

The company is accredited to ISO 14001. Its environmental policy is available on the website at [www.lochduart.com](http://www.lochduart.com). Loch Duart is an approved Freedom Food producer of salmon.

**EMPLOYEES**

The group employed an average of 137 staff during the year ended 30 March 2013. Related costs can be found on page 15 of the financial statements.

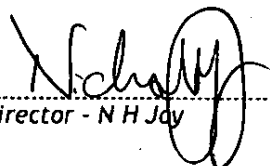
**LOCH DUART LIMITED**  
**DIRECTORS' REPORT**

**PROVISION OF INFORMATION TO AUDITORS**

The directors, at the time when this Directors' Report is approved, have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

Signed on behalf of the board of directors

  
Director - N H Jay

5 MARCH 2014 Date

**LOCH DUART LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LOCH DUART LIMITED

We have audited the financial statements of Loch Duart Limited for the year ended 30 March 2013 which comprise the Group and Parent Company Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 March 2013 and of the group's 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.

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

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

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

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

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

*Anderson Anderson & Brown LLP*

James Pirrie (Senior Statutory Auditor)  
For and on behalf of Anderson Anderson & Brown LLP  
Statutory Auditor  
9 Queens Road  
Aberdeen  
AB15 4YL

*6<sup>th</sup> March 2014*

**LOCH DUART LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 MARCH 2013**

	Note	2013 £	2012 £
TURNOVER	2	18,286,136	23,148,536
Operating costs		<u>(24,539,030)</u>	<u>(23,233,119)</u>
NET OPERATING LOSS	3	(6,252,894)	(84,583)
Share of associate operating losses		(37,951)	-
Provision against associate debtor		<u>(934,226)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(7,225,071)	-
Interest payable and similar charges	6	<u>(786,981)</u>	<u>(292,581)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,012,052)	(377,164)
Taxation	7	<u>300,907</u>	<u>(7,496)</u>
LOSS FOR THE FINANCIAL YEAR		<u>£ (7,711,145)</u>	<u>£ (384,660)</u>

Movements on reserves are as set out in Note 19.

**LOCH DUART LIMITED**  
**COMPANY PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 MARCH 2013**

	Note	2013 £	2012 £
TURNOVER	2	16,439,665	23,147,743
Operating costs		<u>(20,920,566)</u>	<u>(22,755,313)</u>
NET OPERATING (LOSS)/PROFIT	3	(4,480,901)	392,430
Provision against subsidiary undertaking debtor		(1,750,000)	-
Provision against associate debtor		(934,226)	-
Interest payable and similar charges	6	<u>(708,553)</u>	<u>(292,395)</u>
(LOSS)/PROFIT BEFORE TAXATION		(7,873,680)	100,035
Taxation	7	<u>277,580</u>	<u>(7,496)</u>
(LOSS)/PROFIT AFTER TAXATION		<u>£ (7,596,100)</u>	<u>£ 92,539</u>

The Company has made no gains or losses other than as reported above.

Movements on reserves are as set out in Note 19.

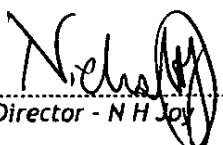
**LOCH DUART LIMITED**  
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 30 MARCH 2013**

	2013 £	2012 £
Loss after tax for the financial year	(7,711,145)	(384,660)
Currency translation differences on foreign currency net investments	(15,161)	-
Total recognised gains and losses relating to the year	<u>£ (7,726,306)</u>	<u>£ (384,660)</u>

LOCH DUART LIMITED  
CONSOLIDATED BALANCE SHEET - 30 MARCH 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Intangible assets	8	4,594,634	4,163,269
Tangible assets	9	7,987,399	8,225,314
		<u>12,582,033</u>	<u>12,388,583</u>
<b>CURRENT ASSETS</b>			
Stocks	11	7,818,704	9,416,953
Debtors	12	4,775,813	3,873,020
Cash at bank and in hand		38,763	88,334
		<u>12,633,280</u>	<u>13,378,307</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>12,174,226</u>	<u>10,357,999</u>
<b>NET CURRENT ASSETS</b>		<u>459,054</u>	<u>3,020,308</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,041,087</u>	<u>15,408,891</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	7,144,479	1,642,677
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Investment in associate	10	183,490	-
Deferred taxation	16	-	225,506
<b>DEFERRED INCOME</b>	17	611,619	712,903
		<u>£ 5,101,499</u>	<u>£ 12,827,805</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	166,666	166,666
Share premium account	19	283,334	283,334
Revaluation reserve	19	2,758,155	2,758,155
Profit and loss account	19	1,893,344	9,619,650
<b>SHAREHOLDERS' FUNDS</b>	19	<u>£ 5,101,499</u>	<u>£ 12,827,805</u>

Signed on behalf of the board of directors

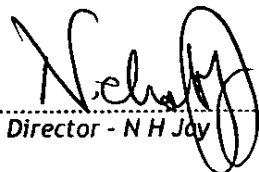
  
Director - N H Joy

5 MARCH 2014 Date

LOCH DUART LIMITED  
COMPANY NUMBER: SC195923  
COMPANY BALANCE SHEET - 30 MARCH 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Intangible assets	8	3,260,460	3,395,958
Tangible assets	9	6,527,222	7,616,928
Investments	10	21	21
		<u>9,787,703</u>	<u>11,012,907</u>
<b>CURRENT ASSETS</b>			
Stocks	11	7,587,901	8,413,903
Debtors: amounts falling due after more than one year	12	2,955,410	2,767,210
Debtors: amounts falling due within one year	12	3,727,598	3,850,938
Cash at bank and in hand		5,364	5,984
		<u>14,276,273</u>	<u>15,038,035</u>
CREDITORS: amounts falling due within one year	13	10,830,580	10,159,068
NET CURRENT ASSETS		<u>3,445,693</u>	<u>4,878,967</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,233,396	15,891,874
CREDITORS: amounts falling due after more than one year	14	6,907,089	1,642,677
PROVISION FOR LIABILITIES AND CHARGES	16	-	225,506
DEFERRED INCOME	17	611,619	712,903
		<u>£ 5,714,688</u>	<u>£ 13,310,788</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	166,666	166,666
Share premium account	19	283,334	283,334
Revaluation reserve	19	2,758,155	2,758,155
Profit and loss account	19	2,506,533	10,102,633
SHAREHOLDERS' FUNDS	19	<u>£ 5,714,688</u>	<u>£ 13,310,788</u>

Signed on behalf of the board of directors

  
Director - N H Jay

5 MARCH 2014 Date

**LOCH DUART LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 MARCH 2013**

	Note	2013 £	2012 £
Cash outflow from operating activities	25	(3,241,171)	(2,253,871)
Return on investments and servicing of finance	26	(736,009)	(292,581)
Taxation		307,560	(997,792)
Capital expenditure	26	(1,679,981)	(1,738,435)
Acquisitions and disposals		(440)	-
Equity dividends paid		-	-
Cash outflow before financing		(5,350,041)	(5,282,679)
Financing - increase in debt	26	6,084,993	971,229
Increase/(decrease) in cash in the year		<u>£ 734,952</u>	<u>£ (4,311,450)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	Note	2013 £	2012 £
Increase/(decrease) in cash in the year		734,952	(4,311,450)
Cash inflow from increase in debt		(6,084,993)	(971,229)
Change in net debt resulting from cash flows		(5,350,041)	(5,282,679)
New hire purchase agreements		(100,390)	(1,537,964)
Movement in net debt in year		(5,450,431)	(6,820,643)
Net debt at 30 March 2012	27	(8,550,235)	(1,729,592)
Net debt at 30 March 2013	27	<u>£ (14,000,666)</u>	<u>£ (8,550,235)</u>

## LOCH DUART LIMITED

### NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013

#### 1. ACCOUNTING POLICIES

##### (a) *Basis of financial statements preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

##### (b) *Going concern*

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the group has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

##### (c) *Basis of consolidation*

The group financial statements consolidate the financial statements of the company and its subsidiary companies for the year ended 30 March 2013.

Entities, other than subsidiary undertakings in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method, with the share of profits or losses of associated undertakings included in the profit and loss account.

The group's investment in associated companies is shown as the share of net assets or liabilities of the associates.

##### (d) *Depreciation*

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life:

Land and buildings	50 years
Plant and equipment	2-10 years
Motor vehicles	2-4 years

Land and buildings are stated in the balance sheet at their revalued amounts. In the directors' opinion, any depreciation on the revalued land and buildings would be immaterial and no depreciation charge has been booked. A review for impairment is carried out each year to ensure there has been no diminution in value of land and buildings.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserve.



**LOCH DUART LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**1. ACCOUNTING POLICIES (continued)**

**(e) Stock**

Stocks are valued at the lower of cost and net realisable value with due allowance being made for estimated stock losses due to weather, predation and disease. Cost includes fish purchases, feed, direct labour and all other costs directly associated with the rearing of fish. An element of indirect overheads has also been included within the stock valuation.

**(f) Taxation**

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

Deferred tax is recognised in respect of all timing differences that have been originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in the period which are different from those recognised in the financial statements. Deferred tax has been measured on a non-discounted basis.

**(g) Sea sites**

Intangible assets are stated in the balance sheet at their revalued amounts.

A policy of regular revaluation is followed undertaken by the directors' with an interim valuation after 3 years and a full valuation after 5 years.

No provision is made for amortisation due to the market value of the sea sites increasing. This departure from the requirement of the Companies Act 2006 which require intangible assets to be amortised is, in the opinion of the directors, necessary for the financial statements to show a true and fair view.

A review for impairment will be carried out if events or changes in circumstances indicate that the carrying amount of the sea sites may not be recoverable.

**(h) Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, over 10 years. Provision is made for any impairment when identified.

**(i) Leasing and hire purchase contracts**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the term of the agreement and represents a constant proportion of the balance of capital repayments outstanding.

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

LOCH DUART LIMITED  
NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013

1. ACCOUNTING POLICIES (continued)

(j) *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year-end rate of exchange. The resulting profits or losses are dealt with in the profit and loss account.

The accounts of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves.

(k) *Grants*

Government and other grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets. Where the grant cannot be specifically associated with any one asset the grant is released to the profit and loss account over the period of obligation specified in the grant documentation.

Grants of a revenue nature are credited to income in the period to which they relate.

(l) *Pensions*

The company makes contributions to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

(m) *Share options*

The group has applied the requirements of FRS20 "share based payment". The group issues equity settled share-based payments to certain employees of Loch Duart Limited. Equity settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity settled share-based payment, where material, is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

2. TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced to third parties, exclusive of value added tax. Geographic analysis of turnover has not been stated as the directors believe this would be prejudicial to the company's interests.

LOCH DUART LIMITED

NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013

3. NET OPERATING LOSS *is stated after (crediting)/charging:*

	2013	Group 2012	2013	Company 2012
Government grants released	(101,284)	(117,258)	(101,284)	(117,258)
Amortisation	20,412	20,412	20,412	20,412
Depreciation - owned assets	1,018,043	625,628	877,317	625,628
- assets held under hire purchase and finance leases	553,381	611,150	553,381	611,150
Impairment of goodwill	157,513	-	157,513	-
Auditors' remuneration	21,000	21,000	21,000	21,000
Leasehold property rents	(7,458)	(18,501)	(7,458)	(18,501)
Gain on sale of assets	(50,547)	(26,146)	(50,547)	(26,146)

4. STAFF COSTS AND NUMBERS

	2013 £	Group 2012 £	2013 £	Company 2012 £
Wages and salaries	3,080,406	2,947,564	2,653,568	2,730,527
Social security	311,836	267,851	253,792	262,786
Pension contributions	26,307	19,376	15,561	16,342
	<u>£ 3,418,549</u>	<u>£ 3,234,791</u>	<u>£ 2,922,921</u>	<u>£ 3,009,655</u>

The average number of persons employed by the group during the year, including the directors, was as follows:

	2013 No	Group 2012 No	2013 No	Company 2012 No
Management	5	5	5	5
Administration	10	10	10	10
Operations	122	105	98	100
	<u>137</u>	<u>120</u>	<u>113</u>	<u>115</u>

**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**5. DIRECTORS' EMOLUMENTS**

	Group and company	
	2013	2012
	£	£
Emoluments (including benefits in kind)	453,637	532,359
Pension contributions	15,561	19,376
	<u>£ 469,198</u>	<u>£ 551,735</u>

The company contributed to a defined contribution pension scheme on behalf of one director (2012 - one).

The amount payable in the year in respect of the highest paid director was £104,392 (2012 - £129,376).

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013	Group	2013	Company
	£	2012	£	2012
		£		£
Bank interest	68,762	62,264	68,762	62,264
Hire purchase and finance				
lease interest	168,089	157,184	168,089	157,184
Loan interest	499,158	73,133	471,702	72,947
Share of associates interest	50,972	-	-	-
	<u>£ 786,981</u>	<u>£ 292,581</u>	<u>£ 708,553</u>	<u>£ 292,395</u>

**LOCH DUART LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**7. TAXATION charge based on the (loss)/profit for the year comprises:**

	2013 £	Group 2012 £	2013 £	Company 2012 £
UK corporation tax	-	-	-	-
Foreign taxes	(23,327)	-	-	-
Adjustment relating to prior year	(52,074)	(13,521)	(52,074)	(13,521)
	(75,401)	(13,521)	(52,074)	(13,521)
Transfer to deferred tax	(225,506)	12,951	(225,506)	12,951
Adjustment relating to prior year	-	8,066	-	8,066
	<u>£ (300,907)</u>	<u>£ 7,496</u>	<u>£ (277,580)</u>	<u>£ 7,496</u>

The tax credit for the year for the group differs from that which would be expected by applying the rate of tax at 24% (2012 - 26%) to its pre-tax losses as a result of the following:

	2013 £000	Group 2012 £000
Loss on ordinary activities before tax	(7,078)	(377)
Tax at 24% (2012 - 26%) thereon	(1,699)	(98)
Expenses not deductible for tax purposes	39	13
Capital allowances in excess of depreciation	89	(40)
Adjustment to prior year	(52)	(14)
Unrelieved foreign tax losses	409	124
Unrelieved tax losses on associate company	21	-
Unrelieved tax losses and other deductions arising in the period	1,115	-
Other	3	1
Corporation tax credit	<u>(75)</u>	<u>(14)</u>

**Company**

Based on trading losses carried forward a potential deferred tax asset of £925,000 (2012 - £nil) exists. The deferred tax asset has not been provided for at 30 March 2013.

**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**8. INTANGIBLE FIXED ASSETS**

	Sea sites £	Goodwill £	Total £
<b>Group</b>			
<b>COST OR VALUATION</b>			
At 31 March 2012	4,107,413	297,185	4,404,598
Additions	514,283	95,007	609,290
At 30 March 2013	4,621,696	392,192	5,013,888
<b>AMORTISATION</b>			
At 31 March 2012	122,069	119,260	241,329
Charge for year	-	20,412	20,412
Impairment of intangible assets	-	157,513	157,513
At 30 March 2013	122,069	297,185	419,254
Net book amounts at:			
30 March 2013	£ 4,499,627	£ 95,007	£ 4,594,634
30 March 2012	£ 3,985,344	£ 177,925	£ 4,163,269

The sea sites were revalued by the directors on 30 March 2009 based on the market value of comparable transactions.

	Sea sites £	Goodwill £	Total £
<b>Company</b>			
<b>COST OR VALUATION</b>			
At 31 March 2012	3,340,102	223,755	3,563,857
Additions	42,427	-	42,427
At 30 March 2013	3,382,529	223,755	3,606,284
<b>AMORTISATION</b>			
At 31 March 2012	122,069	45,830	167,899
Charge for year	-	20,412	20,412
Impairment or goodwill	-	157,513	157,513
At 30 March 2013	122,069	223,755	345,824
Net book amounts at:			
30 March 2013	£ 3,260,460	£ -	£ 3,260,460
30 March 2012	£ 3,218,033	£ 177,925	£ 3,395,958

**LOCH DUART LIMITED**
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**
**9. TANGIBLE FIXED ASSETS**

	Land & buildings £	Plant & equipment £	Motor vehicles £	Total £
<b>Group</b>				
<b>COST OR VALUATION</b>				
At 31 March 2012	1,550,534	12,440,262	461,839	14,452,635
Additions	282,427	1,014,473	22,677	1,319,577
Disposals	-	(405,000)	(16,781)	(421,781)
Foreign exchange	3,626	13,247	-	16,873
At 30 March 2013	1,836,587	13,062,982	467,735	15,367,304
<b>DEPRECIATION</b>				
At 31 March 2012	173,478	5,819,475	234,368	6,227,321
Charge for the year	18,352	1,452,983	100,089	1,571,424
Relating to disposals	-	(405,000)	(13,840)	(418,840)
At 30 March 2013	191,830	6,867,458	320,617	7,379,905
Net book amounts at:				
30 March 2013	£ 1,644,757	£ 6,195,524	£ 147,118	£ 7,987,399
30 March 2012	£ 1,377,056	£ 6,620,787	£ 227,471	£ 8,225,314

The net book amounts of plant and equipment and motor vehicles includes amounts of £2,622,396 (2012 - £3,765,249) and £914,619 (2012 - £210,587) in respect of assets held under finance leases and hire purchase contracts.

	Land & buildings £	Plant & equipment £	Motor vehicles £	Total £
<b>Company</b>				
<b>COST OR VALUATION</b>				
At 31 March 2012	1,436,404	11,946,006	461,839	13,844,249
Additions	36,781	306,652	500	343,933
Disposals	-	(405,000)	(16,781)	(421,781)
At 30 March 2013	1,473,185	11,847,658	445,558	13,766,401
<b>DEPRECIATION</b>				
At 31 March 2012	173,478	5,819,475	234,368	6,227,321
Charge for the year	14,932	1,316,214	99,552	1,430,698
Relating to disposals	-	(405,000)	(13,840)	(418,840)
At 30 March 2013	188,410	6,730,689	320,080	7,239,179
Net book amounts at:				
30 March 2013	£ 1,284,775	£ 5,116,969	£ 125,478	£ 6,527,222
30 March 2012	£ 1,262,926	£ 6,126,531	£ 227,471	£ 7,616,928

**LOCH DUART LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**9. TANGIBLE FIXED ASSETS (continued)**

The net book amounts of plant and equipment and motor vehicles include amounts of £2,622,396 (2012 - £3,765,249) and £114,619 (2012 - £210,587) in respect of assets held under finance leases and hire purchase contracts.

The company's land and buildings were revalued at £992,500 on an open market existing use basis by Knight Frank LLP Property Consultants, on 19 March 2009. The directors consider this valuation to approximate to the open market value of the relevant assets at 30 March 2013.

If land and buildings had not been revalued they would have been included at the following amounts:

	2013 £
Historic cost	879,019
Depreciation	(109,806)
Net book value	<u>£ 769,213</u>

**10. FIXED ASSET INVESTMENTS**

	Investment in associates £
Group	
Additions in year	440
Share of profit and loss reserves on acquisition	(95,007)
Share of associate losses	(88,923)
	<u>£ (183,490)</u>

<b>Aquapemba Limitada</b>	
<i>Country of incorporation:</i>	Mozambique
<i>Nature of business :</i>	Production and commercialisation of fish
<i>Proportion of shares held :</i>	47%
<i>Accounting period :</i>	31 December 2012

The investment in Aquapemba Limitada is held through Loch Duart (Mozambique) Limited.



**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**10. FIXED ASSET INVESTMENTS**

	Interests in group undertakings £
<b>Company</b>	
<b>COST</b>	
At 31 March 2012	154,053
Additions	-
At 30 March 2013	<u>154,053</u>
<b>PROVISION FOR IMPAIRMENT</b>	
At 31 March 2012	154,032
Impairment in the year	-
At 30 March 2013	<u>154,032</u>
Net book amounts at:	
30 March 2013	<u>£ 21</u>
30 March 2012	<u>£ 21</u>

**LOCH DUART LIMITED****NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013****10. FIXED ASSET INVESTMENTS (continued)**

The subsidiary undertakings are:

**Salar Smokehouse Limited**

*Country of incorporation:* Scotland  
*Nature of business:* Dormant  
*Proportion of shares held:* 100%

**Drumbeg Salmon Limited**

*Country of incorporation:* Scotland  
*Nature of business:* Dormant  
*Proportion of shares held:* 100%

**The Sustainable Salmon Company Limited**

*Country of incorporation:* Scotland  
*Nature of business:* Dormant  
*Proportion of shares held:* 100%

**The Sustainable Food Company Limited**

*Country of incorporation:* Scotland  
*Nature of business:* Dormant  
*Proportion of shares held:* 100%

**Snow Island Salmon Inc**

*Country of incorporation:* Canada  
*Nature of business:* Salmon farming  
*Proportion of shares held:* 90%

**Loch Duart (Mozambique) Limited**

*Country of incorporation:* Scotland  
*Nature of business:* Holding Company  
*Proportion of shares held:* 100%

Investment held directly by Snow Island Salmon Inc:

**Atlantic Sea Smolt Inc**

*Country of incorporation:* Canada  
*Nature of business:* Salmon farming  
*Proportion of shares held:* 100%

**LOCH DUART LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**11. STOCKS**

	2013 £	Group 2012 £	2013 £	Company 2012 £
Fish	7,536,749	9,077,173	7,305,946	8,074,123
Feed and medicine	281,955	339,780	281,955	339,780
	<u>£ 7,818,704</u>	<u>£ 9,416,953</u>	<u>£ 7,587,901</u>	<u>£ 8,413,903</u>

**12. DEBTORS**

	2013 £	Group 2012 £	2013 £	Company 2012 £
Trade debtors	4,319,331	2,797,995	2,353,005	2,797,995
VAT repayable	82,515	191,235	82,515	162,635
Prepayments and accrued income	322,132	213,725	305,601	213,936
Corporation tax recoverable	51,835	283,995	51,835	283,995
Amounts due from subsidiary Undertakings	-	-	3,889,535	2,773,517
Amounts due from associated companies	-	-	2,955,410	2,773,517
Other debtors	-	386,070	934,642	386,070
	<u>£ 4,775,813</u>	<u>£ 3,873,020</u>	<u>£ 6,683,008</u>	<u>£ 6,618,148</u>

Included within amounts due from subsidiary undertakings is an amount of £2,955,410 (2012 - £2,773,517) which is due to be received greater than one year.

**LOCH DUART LIMITED**
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**
**13. CREDITORS: amounts falling due within one year**

	2013 £	Group 2012 £	2013 £	Company 2012 £
Bank overdrafts	1,394,347	2,177,570	1,394,347	2,177,570
Bank and other loans (Notes 15 and 22)	3,214,184	2,297,280	2,815,000	2,224,121
Debt factoring account (Note 22)	1,433,098	1,434,398	1,433,098	1,434,398
Preferred shares	80,645	-	-	-
Obligations under finance leases and hire purchase contracts	862,165	1,086,644	859,542	1,086,644
Trade creditors	4,189,046	3,067,895	3,608,844	2,953,304
Corporation tax	-	-	-	-
Other taxation and social security	66,430	93,582	66,430	80,760
Accruals	934,311	200,630	653,319	202,271
	<u>£ 12,174,226</u>	<u>£ 10,357,999</u>	<u>£ 10,830,580</u>	<u>£ 10,159,068</u>

**14. CREDITORS: amounts falling due after more than one year**

	2013 £	Group 2012 £	2013 £	Company 2012 £
Other loans (Notes 15 and 22)	6,287,389	-	6,050,000	-
Obligations under finance leases and hire purchase contracts (between two and five years)	857,089	1,642,677	857,089	1,642,677
	<u>£ 7,144,478</u>	<u>£ 1,642,677</u>	<u>£ 6,907,089</u>	<u>£ 1,642,677</u>

**LOCH DUART LIMITED**
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**
**15. LOANS**

	2013 £	Group	2013 £	Company 2012 £
Wholly repayable within five years	9,501,573	2,297,280	8,865,000	2,224,121
Less: included in creditors amounts falling due within one year	(3,214,184)	(2,297,280)	(2,815,000)	(2,224,121)
	<u>£6,287,389</u>	<u>£ -</u>	<u>£ 6,050,000</u>	<u>£ -</u>
<i>Amounts repayable:</i>				
In one year or less	3,214,184	2,297,280	2,815,000	2,224,121
Between two and five years	6,050,000	-	6,050,000	-
	<u>£ 9,264,184</u>	<u>£ 2,297,280</u>	<u>£ 8,865,000</u>	<u>£ 2,224,121</u>

At 30 March 2013 the group had loans as follows:

- (a) £2,000,000 term loan repayable on demand, bearing interest at 10% per annum.
- (b) £750,000 revolving credit facility repayable in full by July 2013, bearing interest at 4.28% per annum.
- (c) £65,000 repayable 6 months on demand, bearing interest at 10% per annum.
- (d) £6,050,000 unsecured convertible loan rates repayable in full by October 2017 if not converted by that date, bearing interest at 10% per annum.

**LOCH DUART LIMITED**
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**
**16. PROVISION FOR LIABILITIES AND CHARGES**

The provision represents the maximum potential liability to deferred tax as follows:

	2013 £	Group 2012 £	2013 £	Company 2012 £
As at 31 March 2012	225,506	201,021	225,506	201,021
(Released)/charge in year	(225,506)	24,485	(225,506)	24,485
At 30 March 2013	<u>£ -</u>	<u>£ 225,506</u>	<u>£ -</u>	<u>£ 225,506</u>

Deferred tax provided in the financial statements is as follows:

	2013	Group 2012	2013	Company 2012
Capital allowances in advance of depreciation	-	240,504	-	240,504
Other short term differences	-	(14,998)	-	(14,998)
	<u>£ -</u>	<u>£ 225,506</u>	<u>£ -</u>	<u>£ 225,506</u>

**17. DEFERRED INCOME**

	2013 £	Group Deferred grants 2012 £	2013 £	Company Deferred grants 2012 £
At 31 March 2012	712,903	810,161	712,903	810,161
Received during the year	-	20,000	-	20,000
Released to profit and loss Account	(101,284)	(117,258)	(101,284)	(117,258)
At 30 March 2013	<u>£ 611,619</u>	<u>£ 712,903</u>	<u>£ 611,619</u>	<u>£ 712,903</u>

**LOCH DUART LIMITED****NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013****18. CALLED UP SHARE CAPITAL**

Group & Company  
2013 & 2012  
£

**Allotted, called up and fully paid:**

Ordinary shares of £1 each

103,646

Preference shares of £1 each

63,020

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**£ 166,666**

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The terms of the preference shares provide the following preferred rights:

- (a) A dividend accruing at an annual rate equivalent to 8% of the price at which the preference shares were acquired, but payable only in the event of a sale or liquidation (and only if the preference shares had not been converted into Ordinary shares);
- (b) The right to share pro-rata in any dividend declared on the Ordinary shares (as if the preference shares had been converted into Ordinary shares);
- (c) A preference on liquidation or sale in respect of the amount paid by the investors when they acquired their shares, plus the amount of the accrued dividend referred to at (a) above;
- (d) The right to convert into Ordinary shares on terms which ensure that the preference shareholders do not see any dilution in their overall shareholding percentage. In the event of conversion, the accrued dividend referred to at (a) above and the preference referred to at (c) above would not be applied. If the company performs as expected it is likely that the conversion would take place;
- (e) Rights to appoint up to two directors;
- (f) A number of occasions, particularly relating to matters regarding the company's shares, where the consent of the preference shareholders is required.

**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**19. RECONCILIATION OF SHAREHOLDERS' FUNDS  
AND MOVEMENTS ON RESERVES**

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
<b>Group</b>					
At 30 March 2011	166,666	283,334	2,758,155	10,004,310	13,212,465
Loss for the year	-	-	-	(384,660)	(384,660)
At 30 March 2012	166,666	283,334	2,758,155	9,619,650	12,827,805
Loss for the year	-	-	-	(7,726,306)	(7,691,361)
At 30 March 2013	<u>£ 166,666</u>	<u>£ 283,334</u>	<u>£ 2,758,155</u>	<u>£ 1,893,344</u>	<u>£ 5,136,444</u>
<b>Company</b>					
At 30 March 2011	166,666	283,334	2,758,155	10,010,094	13,218,249
Profit for the year	-	-	-	92,539	92,539
At 30 March 2012	166,666	283,334	2,758,155	10,102,633	13,310,788
Loss for the year	-	-	-	(7,596,100)	(6,651,957)
At 30 March 2013	<u>£ 166,666</u>	<u>£ 283,334</u>	<u>£ 2,758,155</u>	<u>£ 2,506,533</u>	<u>£ 6,658,831</u>

**20. OTHER FINANCIAL COMMITMENTS**

At 30 March 2013 the annual commitments under non-cancellable operating leases were as follows:

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
<b>Group</b>				
<i>Operating leases which expire:</i>				
Less than 1 year	17,850	-	859	-
Within two to five years	22,446	14,050	2,680	2,107
In over five years	227,500	107,657	-	-
	<u>£ 267,796</u>	<u>£ 121,707</u>	<u>£ 3,539</u>	<u>£ 2,107</u>
<b>Company</b>				
<i>Operating leases which expire:</i>				
Less than 1 year	17,850	-	859	-
Within two to five years	22,446	14,050	2,680	2,107
In over five years	227,500	107,657	-	-
	<u>£ 267,796</u>	<u>£ 121,707</u>	<u>£ 3,539</u>	<u>£ 2,107</u>



**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**21. CAPITAL COMMITMENTS**

	2013	Group 2012	2013	Company 2012
Contracted for, but not provided	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>

**22. SECURITIES**

The HSBC Bank plc and HSBC Invoice Finance (UK) Limited hold a floating charge over the assets of the group and company.

The various properties owned by the company are subject to a standard security in favour of HSBC Bank plc.

The securities are subject to a ranking agreement.

A cross guarantee is in place between the company and its subsidiary undertakings. At 30 March 2013 the group had bank borrowings of £3,577,445.

**23. SHARE-BASED PAYMENT ARRANGEMENTS**

Certain employees receive share options. These options are settled in equity. Employees can take up a percentage of the option entitlement on a sliding scale over ten years. Details of the share-based payment arrangements during the year are as follows:-

	No	2013 £	No	2012 £
Outstanding at 30 March 2012 and 30 March 2013	<u>8,000</u>	<u>120,400</u>	<u>8,000</u>	<u>120,400</u>
Exercisable at 30 March 2013	<u>8,000</u>	<u>120,400</u>	<u>6,500</u>	<u>97,825</u>

Share options remaining outstanding at 30 March 2013 are exercisable at £15.05. In the directors' opinion the fair value of the share options when they were originally forecast to be exercised was not materially different from the market value.

**24. RELATED PARTY TRANSACTIONS**

**Control**

Throughout the year the company was controlled by the directors.

**Transactions**

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with other group companies.

**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**24. RELATED PARTY TRANSACTIONS (continued)**

During the year the company had the following transactions with non-exempt related parties:

Related party	Transaction	£	Balance at year end £
Scourie Estate, owned by family of one of the directors	Rental of land and buildings	42,000	-
C Balfour, wife of a director	Interest	6,506	-
	Loan	-	65,000
Pacific Sequoia Holdings LLC, shareholder	Interest	302,678	302,678
	Loan	4,700,000	6,000,000

**25. RECONCILIATION OF OPERATING LOSS TO  
NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating loss	(6,252,894)	(84,583)
Gain on disposal of fixed assets	(50,547)	(26,146)
Depreciation	1,571,424	1,236,778
Amortisation	177,925	20,412
Decrease/(increase) in stocks	1,598,249	(1,669,995)
Increase in debtors	(2,069,179)	(425,584)
(Decrease)/increase in creditors	1,917,168	(1,187,495)
Deferred grant release	(101,284)	(117,258)
Exchange movements	(32,033)	-
<b>Net cash outflow from operating activities</b>	<b>£ (3,241,171)</b>	<b>£ (2,253,871)</b>

**LOCH DUART LIMITED**  
**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**26. ANALYSIS OF CASH FLOWS FOR HEADINGS  
NETTED IN THE CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received		
Interest paid	(736,009)	(292,581)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>£ (736,009)</u>	<u>£ (292,581)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,219,186)	(1,028,836)
Payments to acquire intangible fixed assets	(514,283)	(770,351)
Sale of fixed assets	53,488	40,752
Receipts of capital grants	-	20,000
<b>Net cash outflow from capital expenditure</b>	<u>£ (1,679,981)</u>	<u>£ (1,738,435)</u>
<b>Financing</b>		
New long term loans	6,750,000	2,188,159
New foreign finance	758,815	-
Repayment of loans	(109,121)	(265,627)
Repayment of foreign loans	(204,244)	-
Capital element of finance lease rental payments	(1,110,457)	(951,303)
<b>Net cash inflow from financing</b>	<u>£ 6,084,993</u>	<u>£ 971,229</u>

**27. ANALYSIS OF NET DEBT**

	At 30 March 2012 £	Cash flow £	Other changes £	At 30 March 2013 £
Cash at bank and in hand	88,334	(49,571)	-	38,763
Invoice discounting	(1,434,398)	1,300	-	(1,433,098)
Bank overdraft	(2,177,570)	783,223	-	(1,394,347)
Debt due after one year	(750,000)	(5,528,546)	-	(6,278,546)
Debt due within one year	(1,547,280)	(1,666,904)	-	(3,214,184)
Hire purchase	(2,729,321)	1,110,457	(100,390)	(1,719,254)
	<u>£ (8,550,235)</u>	<u>£ (5,350,041)</u>	<u>£ (100,390)</u>	<u>£ (14,000,666)</u>

**LOCH DUART LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS - 30 MARCH 2013**

**28. CONTINGENT LIABILITY**

Highland & Islands Enterprise have provided grants which have certain conditions attached and if these are breached in any way, the grant is repayable in full.

**29. POST BALANCE SHEET EVENT**

The company sought funding from its investors with which to operate through the financial year. That funding took the form of convertible debt and since the year end those investors made the decision to convert the debt, as they were entitled to. £6,050,000 of convertible loan notes and a term loan of £2,000,000, together with accrued interest of £640,900, has been converted to a combination of "A" Preference Shares, Capital Contribution Account and a £213,182 of new convertible loan notes. The effect of this in strengthening the Balance Sheet position is outlined in the Directors' Report.