

Company Registration No. 04741730 (England and Wales)

**THE BLUE SEA FOOD COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 2 MAY 2020**

# THE BLUE SEA FOOD COMPANY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr T R Bartlett Mr D Markham Ms D Spencer
<b>Company number</b>	04741730
<b>Registered office</b>	Wessex House Teign Road Newton Abbot Devon TQ12 4AA
<b>Auditor</b>	Darnells Audit Limited Quay House Quay Road Newton Abbot Devon TQ12 2BU
<b>Business address</b>	Unit 20 Torbay Business Park Paignton Devon TQ4 7HP

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# THE BLUE SEA FOOD COMPANY LIMITED

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# THE BLUE SEA FOOD COMPANY LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 2 MAY 2020

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The directors present the strategic report for the period ended 2 May 2020.

#### **Fair review of the business**

The directors consider that the key performance indicators are Turnover, Gross margin, Earnings before interest, tax, depreciation and amortisation (EBITDA) and Net assets. Together these demonstrate the financial performance and strength of the company. An overview of these indicators for both the current and prior periods are given below:

Turnover: £13,705,306 (2019 - £15,608,753)

Gross profit: £4,741,902 (2019 - £6,014,362)

Gross margin: 34.60% (2019 - 38.53%)

EBITDA: £715,390 (2019 - £2,167,020)

Net assets: £1,409,615 (2019 - £1,677,667)

During the period the company has seen sales decrease from £15.61 million to £13.71 million. The decrease in sales is due to exporting issues into China of live crab towards the end of the financial year and the impact of the national and worldwide lockdowns imposed due to Covid 19.

The company's gross profit has decreased by £1.27 million compared to 2019 as a result of the decrease in sales. The company has also seen a slight decrease in gross profit margin from 38.5% to 34.6% due to the price of crab being higher than expected. The performance for the period is satisfactory given the difficult challenges presented by COVID 19.

The decrease in both EBITDA and Profit before tax compared with the previous year (the latter decreasing by £1.43 million) is a result of the decrease in gross profit.

The retained loss of the company for the period is £0.27 million compared with £1.01 million retained profit for the previous year, after voting dividends of £0.36 million (2019 - £0.25 million).

The company has maintained a satisfactory financial position with net current assets of £0.70 million compared with £1.25 million at 27 April 2019.

#### **Principal risks and uncertainties**

The company's principal operational risks include food hygiene, health and safety legislation, employment law and data protection. Food hygiene and health and safety risks includes ensuring the correct procedures are completed when preparing food which is monitored by the food hygiene officer and external audits and inspections. The management of employment law risks includes ensuring that employees are eligible to work in the UK and the correct procedures are followed when employing an employee. The data protection risk includes safe storage of data backup's off-site at a secure location.

The company manages shortages in the supply of labour partly due to Brexit by investing in machinery to improve productivity. The devaluation of sterling caused by the uncertainty over Brexit has led to a number of opportunities for the company by providing a boost to the exports, in particular to Asian markets although this is a volatile market to operate in. Following the implementation of Brexit in January 2021 the business prepared well for this and as a result has had some challenges to overcome but have done so with minimal impact.

The company manages price fluctuations, together with pressures on supply and demand, through tight control of both prices paid to suppliers and the margin charged to customers. The company continues to diversify its supplier and customer bases and to enter into supply contracts with suppliers to provide further resilience against market uncertainties.

# THE BLUE SEA FOOD COMPANY LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

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### Future developments

As with many other business involved in food service the company has seen a reduction in turnover due to the lockdowns imposed by Covid-19 restrictions. Although global economic uncertainties, including Covid-19 and Brexit, make future market predictions difficult, the directors are confident that through a business strategy centred around expanding on the markets in which the company operates and focussing on new product development this will enable the company to return to the previous years level of results and have a strong basis for further growth.

On behalf of the board

Mr D Markham

**Director**

21 April 2021

# THE BLUE SEA FOOD COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 2 MAY 2020

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The directors present their annual report and financial statements for the period ended 2 May 2020.

#### Principal activities

The principal activity of the company during the period continued to be that of crab seafood processing.

Two preference shares were redeemed in the year to be financed using the company's distributable profits.

#### Directors

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

Mr T R Bartlett  
Mr D Markham  
Ms D Spencer

#### Results and dividends

The results for the period are set out on page 8.

Ordinary dividends were paid amounting to £360,797. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

#### Financial instruments

The company's principal financial instruments comprise bank balances, trade debtors, loans by the company and trade creditors. The main purpose of these instruments is to raise funds for the company's operations and to finance its operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. Foreign currency risk is managed by holding bank balances in Euros and US dollars. The company does look at the use of forward contracts in order to minimise exchange risk and will review the use of these on a regular basis.

The directors' approach to managing other risks applicable to the financial instruments concerned is shown below:

In respect of bank balances, the liquidity risk is managed by maintaining sufficient cash reserves to cover planned expenditure in the foreseeable future.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Liquidity risk is managed by use of a confidential invoice discounting facility.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

Loans by the company are unsecured, with interest charged at market rates.

#### Auditor

The auditor, Darnells Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# THE BLUE SEA FOOD COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE PERIOD ENDED 2 MAY 2020

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#### Statement of directors' responsibilities

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

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

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

#### Statement of disclosure to auditor

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

On behalf of the board

Mr D Markham  
**Director**

21 April 2021

# THE BLUE SEA FOOD COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE BLUE SEA FOOD COMPANY LIMITED

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#### Opinion

We have audited the financial statements of The Blue Sea Food Company Limited (the 'company') for the period ended 2 May 2020 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 May 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

#### Other information

The 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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



# THE BLUE SEA FOOD COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE BLUE SEA FOOD COMPANY LIMITED

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

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 and the directors' report.

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

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

#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting fraud are detailed below:

- we carry out procedures to confirm that the company has complied with relevant laws and regulations, in particular those relating to the testing and calibrating of lasers;
- we carry out procedures to identify any breaches, including a review of correspondence with relevant authorities, and with the company's legal representatives.

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

# **THE BLUE SEA FOOD COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE BLUE SEA FOOD COMPANY LIMITED**

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#### **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.

**Sean Murphy (Senior Statutory Auditor)**  
**For and on behalf of Darnells Audit Limited**

28 April 2021

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

Quay House  
Quay Road  
Newton Abbot  
Devon  
TQ12 2BU

# THE BLUE SEA FOOD COMPANY LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD ENDED 2 MAY 2020

		53 weeks ended 2 May 2020 £	52 weeks ended 27 April 2019 £
	Notes		
<b>Turnover</b>	<b>3</b>	13,705,308	15,608,753
Cost of sales		(8,963,406)	(9,594,391)
<b>Gross profit</b>		4,741,902	6,014,362
Distribution costs		(1,430,269)	(1,521,248)
Administrative expenses		(3,207,487)	(2,862,875)
Other operating income		114,364	61,663
<b>Operating profit</b>	<b>4</b>	218,510	1,691,902
Interest receivable and similar income	<b>6</b>	36,857	18,797
Interest payable and similar expenses	<b>7</b>	(146,070)	(172,892)
<b>Profit before taxation</b>		109,297	1,537,807
Tax on profit	<b>8</b>	(16,552)	(272,243)
<b>Profit for the financial period</b>		92,745	1,265,564
Retained earnings brought forward		1,677,464	664,983
Dividends	<b>9</b>	(360,797)	(253,083)
Retained earnings carried forward		1,409,412	1,677,464

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# THE BLUE SEA FOOD COMPANY LIMITED

## BALANCE SHEET

AS AT 2 MAY 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	10		2,407,239		2,538,877
<b>Current assets</b>					
Stocks	11	1,336,511		1,484,975	
Debtors	12	1,685,080		1,969,939	
Cash at bank and in hand		75,776		323,057	
		<u>3,097,367</u>		<u>3,777,971</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,392,864)</u>		<u>(2,531,827)</u>	
<b>Net current assets</b>			704,503		1,246,144
<b>Total assets less current liabilities</b>			<u>3,111,742</u>		<u>3,785,021</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(1,593,648)		(2,015,427)
<b>Provisions for liabilities</b>					
Deferred tax liability	18	<u>108,479</u>	(108,479)	<u>91,927</u>	(91,927)
<b>Net assets</b>			<u>1,409,615</u>		<u>1,677,667</u>
<b>Capital and reserves</b>					
Called up share capital	21		134		136
Capital redemption reserve			69		67
Profit and loss reserves			<u>1,409,412</u>		<u>1,677,464</u>
<b>Total equity</b>			<u>1,409,615</u>		<u>1,677,667</u>

The financial statements were approved by the board of directors and authorised for issue on 21 April 2021 and are signed on its behalf by:

Mr D Markham  
Director

Company Registration No. 04741730

# THE BLUE SEA FOOD COMPANY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 2 MAY 2020

		2020	2019
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	1,436,194	1,113,036
Interest paid		(146,070)	(172,892)
Income taxes paid		(117,000)	(28,447)
<b>Net cash inflow from operating activities</b>		<b>1,173,124</b>	<b>911,697</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(381,642)	(200,561)
Proceeds on disposal of tangible fixed assets		37,297	-
Other investments and loans made		(392,559)	(456,916)
Interest received		36,857	18,797
<b>Net cash used in investing activities</b>		<b>(700,047)</b>	<b>(638,680)</b>
<b>Financing activities</b>			
Redemption of shares	(2)	-	-
Repayment of borrowings	(485,000)	100,000	
Net payment of finance leases obligations	34,355	(182,284)	
Dividends paid	(360,797)	(253,083)	
<b>Net cash used in financing activities</b>		<b>(811,444)</b>	<b>(335,367)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(338,367)</b>	<b>(62,350)</b>
Cash and cash equivalents at beginning of period		(541,695)	(479,345)
<b>Cash and cash equivalents at end of period</b>		<b>(880,062)</b>	<b>(541,695)</b>
<b>Relating to:</b>			
Cash at bank and in hand		75,776	323,057
Bank overdrafts included in creditors payable within one year		(955,838)	(864,752)

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 MAY 2020

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### 1 Accounting policies

#### Company information

The Blue Sea Food Company Limited is a company limited by shares incorporated in England and Wales. The registered office is Wessex House, Teign Road, Newton Abbot, Devon, TQ12 4AA. The company trades from its premises at Unit 20, Torbay Business Park, Paignton, Devon, TQ4 7HP.

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts receivable for the sale of crab seafood net of VAT and trade discounts.

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

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

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

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

Land and buildings leasehold	over the term of the lease - between 3 and 15 years on a straight-line basis
Plant and machinery	10% per annum on a straight-line basis
Factory equipment	20% per annum on a straight-line basis
Office and IT equipment	33.33% per annum on a straight-line basis
Motor vehicles	25% per annum on a straight-line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. The company uses a standard costing model to determine the cost which is reviewed regularly and updated where significant changes occur within the assumptions made.

#### 1.7 Financial instruments

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

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

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

##### Basic financial assets

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

##### Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### Classification of financial liabilities

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

##### Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

##### Derecognition of financial liabilities

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

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

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**1 Accounting policies**

(Continued)

**1.8 Equity instruments**

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

**1.9 Taxation**

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

**Current tax**

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

**Deferred tax**

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**1.10 Employee benefits**

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

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

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

**1.11 Retirement benefits**

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

**1.12 Leases**

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

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



# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

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### 1 Accounting policies

(Continued)

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

#### 1.13 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred, subject to any conditions of the grant.

#### 1.14 Foreign exchange

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

#### 1.15 Factoring

The company factors its trade debts by way of confidential invoice discounting. The company policy is to include trade debtors factored with recourse within trade debtors due within one year and the returnable element of proceeds is recorded in bank loans and overdrafts due within one year. Factoring fees and interest are charged to the profit and loss account when incurred. Bad debts borne by the company are charged to the profit and loss account when incurred.

### 2 Judgements and key sources of estimation uncertainty

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

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

#### Key sources of estimation uncertainty

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

#### Valuation of stock

The carrying value of stock held is based on a costing model which enables relevant labour and overhead costs to be taken into account in arriving at the value of stock held for sale. It also takes into account different crab meat prices, which fluctuate depending on the time of year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The carrying value of stock at 2 May 2020 is £1,336,511 (2019 - £1,484,975 ).

#### Depreciation

Depreciation is recognised so as to write off the cost of fixed assets over their useful lives. The useful economic life of an asset or class of assets is estimated on the basis of historical knowledge of the useful lives of similar assets used in the business. depreciation is material to the accounts.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 3 Turnover and other revenue

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Supply of goods	13,668,955	15,573,200
Supply of services	36,353	35,553
	<u>13,705,308</u>	<u>15,608,753</u>
	<b>2020 £</b>	<b>2019 £</b>
<b>Other significant revenue</b>		
Interest income	36,857	18,797
Grants received	109,827	54,238
	<u>13,705,308</u>	<u>15,608,753</u>
	<b>2020 £</b>	<b>2019 £</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	11,702,526	8,799,812
European Union	1,006,888	5,460,041
Asia	951,290	1,306,684
Rest of the World	44,604	42,216
	<u>13,705,308</u>	<u>15,608,753</u>

### 4 Operating profit

	2020 £	2019 £
Operating profit for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	25,210	26,704
Research and development costs	37,379	29,876
Government grants	(109,827)	(54,238)
Fees payable to the company's auditor for the audit of the company's financial statements	7,000	7,000
Depreciation of owned tangible fixed assets	401,229	381,301
Depreciation of tangible fixed assets held under finance leases	95,651	93,817
(Profit)/loss on disposal of tangible fixed assets	(20,897)	1,254
Operating lease charges	217,489	287,977
	<u>217,489</u>	<u>287,977</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2020

### 5 Employees

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

	2020 Number	2019 Number
Directors	3	3
Production	138	136
Sales	3	3
Administration	8	8
	<u>152</u>	<u>150</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,094,440	2,812,810
Social security costs	223,919	216,218
Pension costs	96,058	48,746
	<u>3,190,498</u>	<u>2,861,556</u>

### 6 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	36,857	18,739
Other interest income	-	58
	<u>36,857</u>	<u>18,797</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>36,857</u>	<u>18,739</u>
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# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 7 Interest payable and similar expenses

	2020	2019
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on invoice finance arrangements	37,124	40,024
Other interest on financial liabilities	72,975	66,500
	<u>110,099</u>	<u>106,524</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	24,971	33,368
Other interest	11,000	33,000
	<u>146,070</u>	<u>172,892</u>

### 8 Taxation

	2020	2019
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	251,485
Adjustments in respect of prior periods	-	210
	<u>-</u>	<u>251,695</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	16,552	20,548
	<u>16,552</u>	<u>272,243</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 8 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	109,297	1,537,807
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	20,766	292,183
Tax effect of expenses that are not deductible in determining taxable profit	5,408	3,851
Tax effect of income not taxable in determining taxable profit	(10,178)	(10,305)
Unutilised tax losses carried forward	13,699	-
Adjustments in respect of prior years	-	210
Permanent capital allowances in excess of depreciation	(21,612)	4,321
Depreciation on assets not qualifying for tax allowances	7,368	8,382
Research and development tax credit	-	(26,399)
Other permanent differences	1,101	-
Taxation charge for the period	16,552	272,243

### 9 Dividends

	2020 £	2019 £
Interim paid	360,797	253,083

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 10 Tangible fixed assets

	Land and buildings leasehold £	Plant and machinery £	Factory equipment £	Office and IT equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 28 April 2019	2,349,785	1,276,126	740,476	167,871	65,345	4,599,603
Additions	21,912	3,750	301,284	20,291	34,405	381,642
Disposals	(36,352)	-	-	(946)	-	(37,298)
At 2 May 2020	2,335,345	1,279,876	1,041,760	187,216	99,750	4,943,947
<b>Depreciation and impairment</b>						
At 28 April 2019	886,051	637,547	386,698	111,243	39,187	2,060,726
Depreciation charged in the period	203,262	105,574	133,720	37,808	16,516	496,880
Eliminated in respect of disposals	(20,872)	-	-	(26)	-	(20,898)
At 2 May 2020	1,068,441	743,121	520,418	149,025	55,703	2,536,708
<b>Carrying amount</b>						
At 2 May 2020	1,266,904	536,755	521,342	38,191	44,047	2,407,239
At 27 April 2019	1,463,734	638,579	353,778	56,628	26,158	2,538,877

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

	2020 £	2019 £
Plant and machinery	258,131	143,065
Motor vehicles	10,027	-
Leasehold Improvements	467,258	595,968
	735,416	739,033

### 11 Stocks

	2020 £	2019 £
Raw materials and consumables	71,937	92,161
Finished goods and goods for resale	1,264,574	1,392,814
	1,336,511	1,484,975

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 12 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	559,642	1,306,247
Other debtors	85,717	508,655
Prepayments and accrued income	190,247	155,037
	<u>835,606</u>	<u>1,969,939</u>
	2020	2019
	£	£
<b>Amounts falling due after more than one year:</b>		
Other debtors	849,474	-
	<u>849,474</u>	<u>-</u>
<b>Total debtors</b>	<u>1,685,080</u>	<u>1,969,939</u>

The value of trade debtors which are secured under a confidential invoice discounting agreement is £355,304 (2019: £1,015,491). The cash advanced by the bank under the agreement is included within creditors falling due within one year.

During the previous year the company entered into a loan agreement with a crab supplier and a shipbuilder, to finance the construction of a fishing boat on behalf of the crab supplier. On delivery of the fishing boat by the shipbuilder, and once all amounts due under the loan agreement from the crab supplier have been received by the company, the title to the boat will be transferred by the company to the crab supplier. In addition to the interest due from the crab supplier on the loan, the company has entered into an exclusive 10-year supply contract with the crab supplier.

At 2 May 2020 the loan due from the crab supplier included in other debtors: amounts due after one year above was £849,474 (2019 - £456,916).

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2020

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

	Notes	2020 £	2019 £
Bank loans and overdrafts	15	955,838	864,752
Obligations under finance leases	16	143,817	180,323
Other borrowings	15	310,000	350,000
Trade creditors		439,427	452,615
Corporation tax		134,485	251,485
Other taxation and social security		149,105	41,549
Government grants	19	47,638	53,569
Other creditors		24,336	37,377
Accruals and deferred income		188,218	300,157
		<u>2,392,864</u>	<u>2,531,827</u>

Obligations under finance leases and hire contracts are secured on the assets acquired.

Bank loans and overdrafts include £357,809 (2019 - £863,834) for amounts owed under a confidential invoice discounting agreement which is secured on the trade debts of the company (see note 12 to the financial statements). Other amounts owed to the bank are secured by way of a fixed and floating charge over the company's assets.

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

	Notes	2020 £	2019 £
Obligations under finance leases	16	337,196	266,335
Other borrowings	15	1,055,000	1,500,000
Government grants	19	201,452	249,092
		<u>1,593,648</u>	<u>2,015,427</u>

Obligations under finance leases and hire contracts are secured on the assets acquired.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	150,000	250,000
	<u>150,000</u>	<u>250,000</u>



# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 15 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	955,838	864,752
Other loans	1,365,000	1,850,000
	<u>2,320,838</u>	<u>2,714,752</u>
Payable within one year	1,265,838	1,214,752
Payable after one year	<u>1,055,000</u>	<u>1,500,000</u>

Other creditors include loans from related parties of £1,365,000 (2019 - £1,850,000). The loans are unsecured, with repayments on each loan restricted to £50,000 in any 6-month period. Interest is charged at a rate of between 5% and 6% per annum. The amount of these loans falling due after more than 5 years is set out in note 14 to the financial statements.

### 16 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	324,495	180,323
In two to five years	156,518	266,335
	<u>481,013</u>	<u>446,658</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 17 Provisions for liabilities

2020 £	2019 £
<u>                    </u>	<u>                    </u>

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
ACAs	<u>108,479</u>	<u>91,927</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2020

### 18 Deferred taxation (Continued)

	2020 £
<b>Movements in the period:</b>	
Liability at 28 April 2019	91,927
Charge to profit or loss	16,552
	<u>108,479</u>
Liability at 2 May 2020	<u><u>108,479</u></u>

The deferred tax liability set out above relates to accelerated capital allowances that are expected to mature within the foreseeable future.

### 19 Deferred grants

	2020 £	2019 £
Arising from government grants	249,090	302,661
	<u>249,090</u>	<u>302,661</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	47,638	53,569
Non-current liabilities	201,452	249,092
	<u>249,090</u>	<u>302,661</u>
	<u><u>249,090</u></u>	<u><u>302,661</u></u>

Government grants are receivable from South West Growth Fund in respect of eligible project expenditure on capital expenditure and improvements.

### 20 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	96,058	48,746
	<u>96,058</u>	<u>48,746</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
69 Ordinary "A" shares of £1 each	69	69
32 Ordinary "B" shares of £1 each	32	32
32 Ordinary "C" shares of £1 each	32	32
	<u>133</u>	<u>133</u>
	<u><u>133</u></u>	<u><u>133</u></u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 2 MAY 2020

### 21 Share capital

(Continued)

#### Preference share capital

##### Issued and fully paid

0 (2019: 1) Redeemable Preference "A" share of £1 each	-	1
1 (2019: 1) Redeemable Preference "B" share of £1 each	1	1
0 (2019: 1) Redeemable Preference "C" share of £1 each	-	1
	<u>1</u>	<u>3</u>
<b>Total equity share capital</b>	<u>134</u>	<u>136</u>

Ordinary shares have full voting, dividend and capital distribution rights.

Redeemable shares are non-voting and are entitled to dividends at the discretion of the directors. On a return of assets the holders are entitled to receive £1 per share only.

### 22 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for its property. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years with an option to extend at the prevailing market rate.

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

	2020 £	2019 £
Within one year	216,212	216,212
Between two and five years	753,926	790,480
In over five years	179,028	358,056
	<u>1,149,166</u>	<u>1,364,748</u>

### 23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	-	437,722
	<u>-</u>	<u>437,722</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 2 MAY 2020

#### 24 Events after the reporting date

Since the year end, the Covid-19 pandemic and resultant economic lockdowns in the UK has led to a significant curtailment of the the company's operations. It has been a challenging period with great uncertainty and the company has taken advantage of the various UK Government support schemes. Turnover for the year to 2 May 2021 will show a significant reduction due to the impact on the hospitality sector of lockdown.

At the time of approval of the accounts, all indications are that the UK will experience a strong economic recovery in 2021. The directors' projections for the year to 1 May 2022 anticipate a return to historical levels of turnover, profits and cash generating ability.

Due to substantial planning Brexit has had no significant impact on trading.

#### 25 Related party transactions

##### Transactions with related parties

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

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Other related parties	8,660	3,058	2,170,653	1,971,220

The above transactions, undertaken in the normal course of trade and at trade prices at the time of sale, were with a company controlled by a director.

In addition, during the year the company paid rent to a director of £180,294 (2019 - £177,202) for the factory from which the company operates, which is owned by the director.

A fixed asset was sold to the director for £36,352.

Amounts due to related parties	2020	2019
	£	£
Other related parties	1,365,000	1,850,000

Close family members of the directors have loaned monies to the company for a minimum period of 3 years at an annual interest rate of between 5% and 6%. The total of the outstanding loans at 2 May 2020 was £1,365,000 (2019 - £1,850,000). The total of the loans falling due in less than one year amounts to £310,000 (2019 - £350,000).

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 2 MAY 2020

### 26 Cash generated from operations

	2020 £	2019 £
Profit for the period after tax	92,745	1,265,564
<b>Adjustments for:</b>		
Taxation charged	16,552	272,243
Finance costs	146,070	172,892
Investment income	(36,857)	(18,797)
(Gain)/loss on disposal of tangible fixed assets	(20,897)	1,254
Depreciation and impairment of tangible fixed assets	496,880	475,118
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	148,464	(947,299)
Decrease/(increase) in debtors	677,420	(29,474)
Decrease in creditors	(30,612)	(24,231)
Decrease in deferred income	(53,571)	(54,234)
<b>Cash generated from operations</b>	<b>1,436,194</b>	<b>1,113,036</b>

### 27 Analysis of changes in net debt

	28 April 2019 £	Cash flows £	2 May 2020 £
Cash at bank and in hand	323,057	(247,281)	75,776
Bank overdrafts	(864,752)	(91,086)	(955,838)
	(541,695)	(338,367)	(880,062)
Borrowings excluding overdrafts	(1,850,000)	485,000	(1,365,000)
Obligations under finance leases	(446,658)	(34,355)	(481,013)
	(2,838,353)	112,278	(2,726,075)

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