

Company Registration No. 04741730 (England and Wales)

**THE BLUE SEA FOOD COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 1 MAY 2021**

# 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 YEAR ENDED 1 MAY 2021

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The directors present the strategic report for the year ended 1 May 2021.

#### **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: £8,159,629 (2020 - £13,705,308 )  
Gross profit: £2,102,348 (2020 - £4,741,902)  
Gross margin: 25.76% (2020 - 34.60%)  
EBITDA: (£178,107) (2020 - £715,390)  
Net assets: £512,475 (2020 - £1,409,615 )

During the year the company has seen sales decrease from £13.71 million to £8.16 million. The decrease in sales is due to the impact of the national and worldwide lockdowns imposed due to Covid 19.

The company's gross profit has decreased by £2.64 million compared to 2020 as a result of the decrease in sales. The company has also seen a decrease in gross profit margin from 34.6% to 25.76% due to the price of crab being higher than expected and economies of scale not being available due to lower sales. The performance for the year 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 £0.93 million and resulting in a loss this year) is a due to the decrease in gross profit.

The retained loss of the company for the year is £0.89 million compared with £0.27 million last year, after voting dividends of £0.19 million (2020 - £0.36 million).

The company has maintained a satisfactory financial position with net current assets of £1.2 million compared with £0.70 million at 2 May 2020.

#### **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 YEAR ENDED 1 MAY 2021

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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. Sales have returned to around 80% of pre-pandemic levels with the main restriction of sales being availability of materials and labour. Fishing in the early part of the year was poor but has since picked up and the business, like many others across the UK, experienced issues with labour due to self-isolation and the number of people available in the general labour market.

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.

During July 2021 the company was successful in obtaining an A Grade accreditation from the British Retail Consortium which will allow the business to explore alternative revenues for sales and in particular will look to supply supermarkets to make crab products more readily available to consumers.

The business will continue to encourage, and explore further, the impact of crab fishing and promote sustainable methods of fishing and those that reduce the environmental impact. The Blue Sea Food Company Limited only works with fishermen who catch crab from pot caught methods and will help explore further ways to improve fishing techniques.

On behalf of the board

Mr D Markham  
**Director**

25 January 2022

# THE BLUE SEA FOOD COMPANY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 1 MAY 2021

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The directors present their annual report and financial statements for the year ended 1 May 2021.

#### Principal activities

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

#### Directors

The directors who held office during the year 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 year are set out on page 9.

Ordinary dividends were paid amounting to £192,999. 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, trade creditors and a confidential invoice discounting facility. 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 YEAR ENDED 1 MAY 2021

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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**

25 January 2022

# 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 year ended 1 May 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 1 May 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

We refer you to Note 14 in the accounts which describes the nature of two contracts the company is a party to. The contract with the shipbuilder is now subject to litigation where there are various potentially material unknown outcomes with respect to costs and monies advanced to date of £1.2 million. Our opinion is not modified in respect of this matter.

#### Conclusions relating to going concern

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

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

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



# 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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#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

#### 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 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.

## **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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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 risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identify the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental, food hygiene and health and safety regulation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

The primary responsibility for the prevention and detection of fraud rests with those charged with governance of the company and management.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

We evaluated the conditions in the context of incentives and/or pressure to commit fraud, considering the opportunity to commit fraud and the potential rationalisation of the fraudulent act.

Based on this understanding, we designed our audit procedures to detect material misstatements in respect of irregularities, including fraud, and to identify non-compliance with the laws and regulations above, as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of management in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing compliance with employment, environmental, food hygiene and health and safety legislation.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Investigated the rationale behind significant or unusual transactions.

We corroborated our enquiries through inspection of supporting documentation and records, as well as reviewing correspondence with regulatory bodies where available.

## **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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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.

#### **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**  
**Statutory Auditor**  
**Quay House**  
**Quay Road**  
**Newton Abbot**  
**Devon**  
**TQ12 2BU**

26 January 2022

# THE BLUE SEA FOOD COMPANY LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 1 MAY 2021

		Year ended 1 May 2021 £	53 weeks ended 2 May 2020 £
	Notes		
<b>Turnover</b>	<b>3</b>	8,159,629	13,705,308
Cost of sales		(6,057,281)	(8,963,406)
<b>Gross profit</b>		2,102,348	4,741,902
Distribution costs		(816,199)	(1,430,269)
Administrative expenses		(2,824,931)	(3,207,487)
Other operating income		848,755	114,364
<b>Operating (loss)/profit</b>	<b>4</b>	(690,027)	218,510
Interest receivable and similar income	<b>7</b>	45,660	36,857
Interest payable and similar expenses	<b>8</b>	(176,921)	(146,070)
<b>(Loss)/profit before taxation</b>		(821,288)	109,297
Tax on (loss)/profit	<b>9</b>	136,495	(16,552)
<b>(Loss)/profit for the financial year</b>		(684,793)	92,745
Retained earnings brought forward		1,409,412	1,677,464
Dividends	<b>10</b>	(192,999)	(360,797)
Retained earnings carried forward		531,620	1,409,412

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 1 MAY 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	11	6,515		-	
Tangible assets	12	1,945,887		2,407,239	
		<u>1,952,402</u>		<u>2,407,239</u>	
<b>Current assets</b>					
Stocks	13	1,050,590		1,336,511	
Debtors falling due after more than one year	14	1,274,763		849,474	
Debtors falling due within one year	14	1,216,607		835,606	
Cash at bank and in hand		748,714		75,776	
		<u>4,290,674</u>		<u>3,097,367</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,956,341)</u>		<u>(2,392,864)</u>	
<b>Net current assets</b>			<u>1,334,333</u>		<u>704,503</u>
<b>Total assets less current liabilities</b>			<u>3,286,735</u>		<u>3,111,742</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(2,675,504)</u>		<u>(1,593,648)</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	19	79,408		108,479	
		<u>(79,408)</u>		<u>(108,479)</u>	
<b>Net assets</b>			<u><u>531,823</u></u>		<u><u>1,409,615</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		134		134
Capital redemption reserve			69		69
Profit and loss reserves			531,620		1,409,412
<b>Total equity</b>			<u><u>531,823</u></u>		<u><u>1,409,615</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25 January 2022 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 YEAR ENDED 1 MAY 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26				
			(3,500)		1,436,194
Interest paid			(176,921)		(146,070)
Income taxes paid			(103,432)		(117,000)
<b>Net cash (outflow)/inflow from operating activities</b>			(283,853)		1,173,124
<b>Investing activities</b>					
Purchase of intangible assets		(5,059)		-	
Purchase of tangible fixed assets		(52,024)		(381,642)	
Proceeds on disposal of tangible fixed assets		75		37,297	
Other investments and loans made		(477,176)		(392,559)	
Interest received		45,660		36,857	
<b>Net cash used in investing activities</b>			(488,524)		(700,047)
<b>Financing activities</b>					
Redemption of shares		-		(2)	
Repayment of borrowings		(10,000)		(485,000)	
Proceeds of new bank loans		1,500,000		-	
Net payment of finance leases obligations		(72,049)		34,355	
Dividends paid		(192,999)		(360,797)	
<b>Net cash generated from/(used in) financing activities</b>			1,224,952		(811,444)
<b>Net increase/(decrease) in cash and cash equivalents</b>			452,575		(338,367)
Cash and cash equivalents at beginning of year			(880,062)		(541,695)
<b>Cash and cash equivalents at end of year</b>			(427,487)		(880,062)

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 1 MAY 2021

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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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	33.33% on a straight-line basis
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##### 1.6 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.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 1 MAY 2021

#### 1 Accounting policies

(Continued)

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.

#### 1.7 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.

#### 1.8 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.



# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 1 MAY 2021

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#### 1 Accounting policies

(Continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 MAY 2021

---

**1 Accounting policies**

**(Continued)**

**Derecognition of financial liabilities**

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

**1.9 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.

**1.10 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.

**1.11 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.

**1.12 Retirement benefits**

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

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 1 MAY 2021

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#### 1 Accounting policies

(Continued)

##### 1.13 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.

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.

##### 1.14 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.

##### 1.15 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.

##### 1.16 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.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 MAY 2021

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### 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 1 May 2021 is £1,050,590 (2020 - £1,336,511).

#### 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.

### 3 Turnover and other revenue

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

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Supply of goods	8,130,276	13,668,955
Rental income	29,353	36,353
	<u>8,159,629</u>	<u>13,705,308</u>
	2021 £	2020 £
<b>Other significant revenue</b>		
Interest income	45,660	36,857
Grants received	847,273	109,827
	<u>892,933</u>	<u>146,684</u>
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	4,063,447	11,702,526
European Union	2,957,918	1,006,888
Asia	1,076,987	951,290
Rest of the World	61,277	44,604
	<u>8,159,629</u>	<u>13,705,308</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 MAY 2021

### 4 Operating (loss)/profit

	2021	2020
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	75,380	25,210
Research and development costs	8,758	37,379
Government grants	(847,273)	(109,827)
Fees payable to the company's auditor for the audit of the company's financial statements	17,000	7,000
Depreciation of owned tangible fixed assets	426,063	401,229
Depreciation of tangible fixed assets held under finance leases	83,613	95,651
Profit on disposal of tangible fixed assets	(75)	(20,897)
Amortisation of intangible assets	2,244	-
Operating lease charges	255,534	217,489
	<u>          </u>	<u>          </u>

### 5 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	55,755	60,795
Company pension contributions to defined contribution schemes	-	45,882
	<u>          </u>	<u>          </u>
	55,755	106,677
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

### 6 Employees

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

	2021	2020
	Number	Number
Directors	3	3
Production	102	138
Sales	4	3
Administration	12	8
	<u>          </u>	<u>          </u>
	121	152
	<u>          </u>	<u>          </u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 MAY 2021

<b>6</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	2,430,656	3,094,440
	Social security costs	195,129	223,919
	Pension costs	41,509	96,058
		<u>2,472,165</u>	<u>3,190,498</u>
<b>7</b>	<b>Interest receivable and similar income</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Other interest income	45,660	36,857
		<u>45,660</u>	<u>36,857</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	45,660	36,857
		<u>45,660</u>	<u>36,857</u>
<b>8</b>	<b>Interest payable and similar expenses</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	55,939	-
	Interest on invoice finance arrangements	14,694	37,124
	Other interest on financial liabilities	75,500	72,975
		<u>146,133</u>	<u>110,099</u>
	<b>Other finance costs:</b>		
	Interest on finance leases and hire purchase contracts	29,026	24,971
	Other interest	1,762	11,000
		<u>176,921</u>	<u>146,070</u>
<b>9</b>	<b>Taxation</b>		
		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	Adjustments in respect of prior periods	(107,424)	-
		<u>(107,424)</u>	<u>-</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 MAY 2021

### 9 Taxation (Continued)

	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	(29,071)	16,552
	<u>          </u>	<u>          </u>
Total tax (credit)/charge	(136,495)	16,552
	<u>          </u>	<u>          </u>

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(821,288)	109,297
	<u>          </u>	<u>          </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(156,045)	20,766
Tax effect of expenses that are not deductible in determining taxable profit	11,254	5,408
Tax effect of income not taxable in determining taxable profit	(9,454)	(10,178)
Unutilised tax losses carried forward	-	13,699
Permanent capital allowances in excess of depreciation	9,650	(21,612)
Depreciation on assets not qualifying for tax allowances	8,100	7,368
Other permanent differences	-	1,101
	<u>          </u>	<u>          </u>
Taxation (credit)/charge for the year	(136,495)	16,552
	<u>          </u>	<u>          </u>

### 10 Dividends

	2021 £	2020 £
Interim paid	192,999	360,797
	<u>          </u>	<u>          </u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 MAY 2021

### 11 Intangible fixed assets

	Software £
<b>Cost</b>	
At 3 May 2020	-
Additions	5,059
Transfers	3,861
	<hr/>
At 1 May 2021	8,920
	<hr/>
<b>Amortisation and impairment</b>	
At 3 May 2020	-
Amortisation charged for the year	2,244
Transfers	161
	<hr/>
At 1 May 2021	2,405
	<hr/>
<b>Carrying amount</b>	
At 1 May 2021	6,515
	<hr/>
At 2 May 2020	-
	<hr/>

### 12 Tangible fixed assets

	Land and buildings leasehold £	Plant and machinery £	Factory equipment £	Office and IT equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 3 May 2020	2,335,345	1,279,876	1,041,760	187,216	99,750	4,943,947
Additions	18,016	5,370	14,837	13,801	-	52,024
Disposals	-	-	-	-	(1,000)	(1,000)
Transfers	-	-	-	(3,861)	-	(3,861)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 May 2021	2,353,361	1,285,246	1,056,597	197,156	98,750	4,991,110
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>						
At 3 May 2020	1,068,441	743,121	520,418	149,025	55,703	2,536,708
Depreciation charged in the year	201,335	96,774	170,673	24,506	16,388	509,676
Eliminated in respect of disposals	-	-	-	-	(1,000)	(1,000)
Transfers	-	-	-	(161)	-	(161)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 May 2021	1,269,776	839,895	691,091	173,370	71,091	3,045,223
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>						
At 1 May 2021	1,083,585	445,351	365,506	23,786	27,659	1,945,887
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 2 May 2020	1,266,904	536,755	521,342	38,191	44,047	2,407,239
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>



# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 MAY 2021

### 12 Tangible fixed assets

(Continued)

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

	2021 £	2020 £
Plant and machinery	21,533	143,065
Factory equipment	184,333	
Motor vehicles	8,604	-
Leasehold Improvements	318,641	595,968
	<u>533,111</u>	<u>739,033</u>

### 13 Stocks

	2021 £	2020 £
Raw materials and consumables	29,193	71,937
Finished goods and goods for resale	1,021,397	1,264,574
	<u>1,050,590</u>	<u>1,336,511</u>

### 14 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	800,653	559,642
Corporation tax recoverable	76,371	-
Other debtors	147,396	85,717
Prepayments and accrued income	192,187	190,247
	<u>1,216,607</u>	<u>835,606</u>

	2021 £	2020 £
<b>Amounts falling due after more than one year:</b>		
Other debtors	<u>1,274,763</u>	<u>849,474</u>
<b>Total debtors</b>	<u>2,491,370</u>	<u>1,685,080</u>

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 1 MAY 2021

#### 14 Debtors

(Continued)

The value of trade debtors which are secured under a confidential invoice discounting agreement is £413,312 (2020: £355,304). The cash advanced by the bank under the agreement is included within creditors falling due within one year.

In 2019 the company entered into a loan agreement with a crab supplier and a UK based shipbuilder, to finance the construction of a fishing boat on behalf of the crab supplier.

At 1 May 2021 the loan due from the crab supplier included in Other Debtors falling due after more than one year is £986,907 (2020: amounts due after one year £849,474). In addition the company has also advanced £287,856 to a related party in connection with the acquisition of a further boat from the same shipbuilder.

Unfortunately, the shipbuilding contract is in dispute with litigation pending. The litigation has a range of various outcomes but in any scenario the company will need to commit to further substantial expenditure that cannot be accurately quantified. In addition, the recovery of all funds will now be much longer than originally anticipated.

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

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	1,451,201	955,838
Obligations under finance leases	18	170,947	143,817
Other borrowings	17	300,000	310,000
Trade creditors		547,063	439,427
Corporation tax		-	134,485
Other taxation and social security		198,079	149,105
Government grants	20	87,026	47,638
Other creditors		32,282	24,336
Accruals and deferred income		169,743	188,218
		<u>2,956,341</u>	<u>2,392,864</u>

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

Bank loans and overdrafts include £413,312 (2020 - £357,809) for amounts owed under a confidential invoice discounting agreement which is secured on the trade debts of the company (see note 14 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.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 1 MAY 2021

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

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	1,225,000	-
Obligations under finance leases	18	238,017	337,196
Other borrowings	17	1,055,000	1,055,000
Government grants	20	157,487	201,452
		<u>2,675,504</u>	<u>1,593,648</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 by instalments	25,000	-
Payable other than by instalments	150,000	150,000
	<u>175,000</u>	<u>150,000</u>

#### 17 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,500,000	-
Bank overdrafts	1,176,201	955,838
Other loans	1,355,000	1,365,000
	<u>4,031,201</u>	<u>2,320,838</u>
Payable within one year	1,751,201	1,265,838
Payable after one year	2,280,000	1,055,000

Other loans comprises of loans from related parties of £1,355,000 (2020 - £1,365,000 ). 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 16 to the financial statements.

The bank loan and overdraft are secured by fixed and floating charges over the assets of the company. The bank loan has additional security in the form of personal guarantees from the directors.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 MAY 2021

### 18 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	170,947	324,495
In two to five years	238,017	156,518
	<u>408,964</u>	<u>481,013</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.

### 19 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	<u>79,408</u>	<u>108,479</u>
<b>Movements in the year:</b>		2021 £
Liability at 3 May 2020		108,479
Credit to profit or loss		(29,071)
Liability at 1 May 2021		<u>79,408</u>

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

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 MAY 2021

### 20 Deferred grants

	2021 £	2020 £
Arising from government grants	244,513	249,090
Deferred income is included in the financial statements as follows:		
Current liabilities	87,026	47,638
Non-current liabilities	157,487	201,452
	244,513	249,090

Included in deferred income are government grants receivable totalling £202,094 from South West Growth Fund in respect of eligible project expenditure on capital expenditure and improvements. Additionally, £42,419 has been deferred regarding participation in a scientific project for the Centre for Environment Fisheries and Aquaculture.

### 21 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	41,509	96,058

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.

### 22 Share capital

	2021 £	2020 £
<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
	133	133
<b>Preference share capital</b>		
<b>Issued and fully paid</b>		
1 Redeemable Preference "B" share of £1 each	1	1
	1	1
<b>Total equity share capital</b>	134	134

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.

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 MAY 2021

### 23 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:

	2021 £	2020 £
Within one year	227,878	9,319
Between two and five years	908,720	698
In over five years	924,406	-
	<u>2,061,004</u>	<u>10,017</u>

### 24 Events after the reporting date

As reflected in these financial statements the Covid-19 pandemic and the resultant economic lockdowns in the UK led to a significant curtailment in the company's operations due to the impact of the pandemic on the hospitality industry. In the post balance sheet period trade is going well with a return to profits and cash generation.

At the time of approval of the financial statements, the directors are confident that the outcome for the year to 1 May 2022 will be close to historic levels and stronger again for the year to 1 May 2023. This favourable assessment is based on the assumption that further economic lockdowns will not be required in the future.

In addition we refer you to Note 14 which details the company's involvement in litigation with respect to the purchase of a fishing boat.

### 25 Related party transactions

#### Transactions with related parties

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

	Sales		Purchases	
	2021 £	2020 £	2021 £	2020 £
Other related parties	<u>24,415</u>	<u>8,660</u>	<u>785,998</u>	<u>2,170,653</u>

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 £230,470 (2020 - £180,294 ) for the factory from which the company operates, which is owned by the director.

In the prior year an asset was sold to the director for £36,352.

2021 2020

# THE BLUE SEA FOOD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 MAY 2021

### 25 Related party transactions (Continued)

Amounts due to related parties	£	£
Other related parties	1,355,000	1,365,000

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 1 May 2021 was £1,355,000 (2020 - £1,365,000 ). The total of the loans falling due in less than one year amounts to £300,000 (2020 - £310,000 ).

### 26 Cash (absorbed by)/generated from operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(684,793)	92,745
<b>Adjustments for:</b>		
Taxation (credited)/charged	(136,495)	16,552
Finance costs	176,921	146,070
Investment income	(45,660)	(36,857)
Gain on disposal of tangible fixed assets	(75)	(20,897)
Amortisation and impairment of intangible assets	2,244	-
Depreciation and impairment of tangible fixed assets	509,676	496,880
<b>Movements in working capital:</b>		
Decrease in stocks	285,921	148,464
(Increase)/decrease in debtors	(252,743)	677,420
Increase/(decrease) in creditors	146,081	(30,612)
Decrease in deferred income	(4,577)	(53,571)
<b>Cash (absorbed by)/generated from operations</b>	<b>(3,500)</b>	<b>1,436,194</b>

### 27 Analysis of changes in net debt

	3 May 2020 £	Cash flows £	1 May 2021 £
Cash at bank and in hand	75,776	672,938	748,714
Bank overdrafts	(955,838)	(220,363)	(1,176,201)
	(880,062)	452,575	(427,487)
Borrowings excluding overdrafts	(1,365,000)	(1,490,000)	(2,855,000)
Obligations under finance leases	(481,013)	72,049	(408,964)
	(2,726,075)	(965,376)	(3,691,451)

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