

# Scottish Sea Farms Limited

## Report and Financial Statements

31 December 2018



## Scottish Sea Farms Limited

**Registered No: 958001**

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### **Directors**

Leif-Inge Nordhammer  
Gustave Witzoe  
Jim F Gallagher  
John Rea  
Helge Singlestad  
Henning Beltestad

### **Secretary**

D Anderson

### **Auditors**

Ernst & Young LLP  
G1  
5 George Square  
Glasgow  
G2 1DY

### **Bankers**

DnB Nor Bank ASA  
20 St Dunston's Hill  
London  
EC3R 8HY

### **Solicitors**

Shepherd and Wedderburn  
1 West Regent Street  
Glasgow  
G2 1RW

### **Registered Office**

Condor House  
10 Saint Paul's Churchyard  
London  
EC4M 8AL

## Strategic report

The directors present their strategic report for the year ended 31 December 2018.

### Review of the business

The principal activity of the group continued to be the farming and processing of Scottish Atlantic salmon.

The group has achieved a satisfactory result for the year to 31 December 2018.

Group turnover was £190,282,000, a decrease of £9,794,000 on 2017.

Group operating profit was £59,735,000, a decrease of £2,518,000 on 2017.

In 2018 we have worked hard to produce a healthy sustainable source of protein with significant investments in enhancing fish welfare and pursuing a strategy of prevention rather than cure.

Our target that 100% of our issues are handled with preventative and continuous measures is delivering. We have continued to invest in our infrastructure, deployed cleaner fish at farms where required, and invested in lice shields at 13 of our farms with a further 8 more to come in 2019.

This has resulted in a really strong biological year with good average harvest weights, improved survival levels, well managed sealice with a 50% reduction in medicine use and much improved gill health across our farms.

The investment at our new RAS smolt hatchery at Barcaldine is making good progress and we are on track to have the building completed early in 2019. The first batch of eggs arrived in November and the first smolt will be delivered in September 2019. This is a truly transformational investment for our business providing more control and supporting our overall growth strategy.

The key to our success is the retention and recruitment of highly skilled staff who are motivated to achieve their own goals. We continue to provide all our staff with a personal training and development plan that allows career progression, paying an average salary well above the Scottish average. In 2018 we achieved another milestone by being awarded the Investors in People Platinum Award, Investors in Young People Gold and Investors in Health and Wellbeing, one of only seven companies in Scotland to achieve all three of these accreditations and the first in the aquaculture sector.

Key financial performance indicators include the monitoring of the management of profitability and working capital.

	<u>2018</u>	<u>2017</u>	
Profit margin	31%	31%	Profit before tax/turnover
Current ratio	1.61	2.99	Current assets: Current liabilities

Group shareholders' funds have increased by £1,963,000 to £94,886,000 (an increase of 2%).

The communities in which we farm and live are crucial to our on-going success and our Scottish Sea Farms Heart of the Community fund is now in its eighth year and £998,000 has been contributed in this period. In 2018 £240,000 was awarded to 88 grant applications all benefitting local causes.

Our second annual Triathlon festival was once again a huge success with many more competitors this year and it was particularly pleasing to see so many children taking part. This family orientated festival was supported by employees, their loved ones, customers and suppliers, and this year we raised more than £52,000 to buy a new boat for the RNLI, a huge thanks to all who supported us with the event and the fundraising.

Scottish Sea Farms Limited

Registered No: 958001

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## Strategic report (continued)

### Review of the business (continued)

The directors would like to take this opportunity to thank all our employees for their continued commitment, support and contribution in the results we achieve.

On behalf of the board



J F Gallagher  
Director

11 February 2019

## Directors' report

The directors present their report and the group financial statements for the year ended 31 December 2018.

### Principal activity and review of the business

The principal activity of the group continued to be the farming and processing of Scottish Atlantic salmon.

### Results and dividends

The profit for the year, after taxation, amounts to £47,570,000 (2017: £49,751,000).

Dividends of £45,000,000 were declared and paid during the year (2017: £30,000,000).

### Directors

The directors during the year, at the year-end and at the date of signing these accounts are listed on page 2.

### Financial management objectives and policies

The company's principal financial instruments comprise cash, short and long term deposits and/or borrowings, the main purpose of which is to provide finance for its normal trading operations.

Interest is payable on borrowings at commercial rates of interest. The company's interest payable can therefore be affected by changes in interest rates. The company does not undertake active hedging of this risk.

Other financial assets and liabilities such as trade debtors and trade creditors arise directly from trading operations.

The company manages credit risk by conducting credit checks on its customers and arranges credit terms accordingly. The majority of our supply relationships are with a long established base.

### Going concern

The group's business activities, a review of the business, together with the factors likely to affect its future developments, its financial position, financial risk management objectives, details of its financial instruments, and its exposure to credit and interest risk are described above.

After making suitable enquiries, the Directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Disabled employees

The group gives full consideration to applications from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate.

## Directors' report (continued)

### Employee involvement

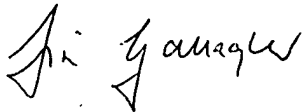
The company continue to provide information via regular meetings with managers, and the company also send out regular newsletters and have an internal social network for business purposes. Employees are also encouraged to present their suggestions and views on the group's performance.

During the year, the company implemented an Employee Assistance Programme. An EAP is an employee benefit designed to assist any employee with personal, health or wellbeing issues they have and is a free confidential service provided by Scottish Sea Farms

### Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the groups auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



J F Gallagher  
Director

11 February 2019

## **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards and 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 group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH SEA FARMS LIMITED

## Opinion

We have audited the financial statements of Scottish Sea Farms Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group income statement, the Group and company statements of comprehensive income, the Group and parent company statements of changes in equity, the Group and parent company statements of financial position and the related notes 1 to 27, 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 group's and of the parent company's affairs as at 31 December 2018 and of the group's profit 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 below. We are independent of the group and parent 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 group's or the parent 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.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH SEA FARMS LIMITED (continued)**

## **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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- ▶ the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the strategic report and 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH SEA FARMS LIMITED (continued)

## Auditor's responsibilities for the audit of the financial statements

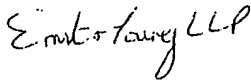
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://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.



Mark Harvey (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

11 February 2019

## Group income statement

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
<b>Turnover</b>	2	190,282	200,076
Cost of sales		(119,506)	(128,620)
<b>Gross profit</b>		<u>70,776</u>	<u>71,456</u>
Distribution costs		(7,780)	(5,501)
Administrative expenses		(3,261)	(3,702)
<b>Group operating profit</b>	3	<u>59,735</u>	<u>62,253</u>
Net interest payable	6	(937)	(778)
<b>Profit on ordinary activities before taxation</b>		<u>58,798</u>	<u>61,475</u>
Tax on profit on ordinary activities	8(a)	(11,228)	(11,724)
<b>Profit for the financial year</b>		<u><u>47,570</u></u>	<u><u>49,751</u></u>

All the above relate to continuing operations.

## Group statement of comprehensive income

for the year ended 31 December 2018

	2018 £000	2017 £000
Profit for the financial year	47,570	49,751
Actuarial gain on defined benefit pension scheme, net of taxation	971	193
Restriction of defined benefit pension scheme surplus	(1,578)	(1,193)
<b>Total other comprehensive loss</b>	<b>(607)</b>	<b>(1,000)</b>
<b>Total comprehensive income for the year</b>	<b>46,963</b>	<b>48,751</b>

## Company statement of comprehensive income

for the year ended 31 December 2018

	2018 £000	2017 £000
Profit for the financial year	47,570	41,719
Actuarial gain on defined benefit pension scheme, net of taxation	971	193
Restriction of defined benefit pension scheme surplus	(1,578)	(1,193)
<b>Total other comprehensive loss</b>	<b>(607)</b>	<b>(1,000)</b>
<b>Total comprehensive income for the year</b>	<b>46,963</b>	<b>40,719</b>

## Statement of changes in equity

for the year ended 31 December 2018

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
<i>Group</i>				
At 1 January 2017	21,400	1,600	51,172	74,172
Profit for the year	-	-	49,751	49,751
Other comprehensive loss	-	-	(1,000)	(1,000)
Total comprehensive income for the year	21,400	1,600	99,923	122,923
Equity dividends	-	-	(30,000)	(30,000)
At 31 December 2017	21,400	1,600	69,923	92,923
Profit for the year	-	-	47,570	47,570
Other comprehensive loss	-	-	(607)	(607)
Total comprehensive income for the year	21,400	1,600	116,886	139,886
Equity dividends	-	-	(45,000)	(45,000)
At 31 December 2018	21,400	1,600	71,886	94,886

A £45,000,000 equity dividend (£2.10 per share) was paid in the year (2017 – £30,000,000, £1.40 per share)

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
<i>Company</i>				
At 1 January 2017	21,400	1,600	31,595	54,595
Profit for the year	-	-	41,719	41,719
Other comprehensive loss	-	-	(1,000)	(1,000)
Total comprehensive income for the year	21,400	1,600	72,314	95,314
Equity dividends	-	-	(30,000)	(30,000)
At 31 December 2017	21,400	1,600	42,314	65,314
Profit for the year	-	-	47,570	47,570
Other comprehensive loss	-	-	(607)	(607)
Total comprehensive income for the year	21,400	1,600	89,277	112,277
Equity dividends	-	-	(45,000)	(45,000)
At 31 December 2018	21,400	1,600	44,277	67,277

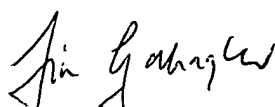
A £45,000,000 equity dividend (£2.10 per share) was paid in the year (2017 – £30,000,000, £1.40 per share)

## Group statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	10	5,389	4,597
Tangible assets	11	79,774	50,665
		<u>85,163</u>	<u>55,262</u>
<b>Current assets</b>			
Stocks	13	70,387	64,033
Debtors	14	14,999	16,875
Cash at bank and in hand		-	10,852
		<u>85,386</u>	<u>91,760</u>
<b>Creditors:</b> amounts falling due within one year	15	(53,025)	(30,649)
		<u>32,361</u>	<u>61,111</u>
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		<u>117,524</u>	<u>116,373</u>
<b>Creditors:</b> amounts falling due after more than one year	16	(21,867)	(23,076)
<b>Accruals and deferred income</b>	18	(166)	(317)
<b>Provisions for liabilities and charges</b>	8(d)	(605)	(57)
		<u>94,886</u>	<u>92,923</u>
<b>Net assets</b>		<u>94,886</u>	<u>92,923</u>
<b>Capital and reserves</b>			
Called up equity share capital	20	21,400	21,400
Share premium account	21	1,600	1,600
Profit and loss account		71,886	69,923
		<u>94,886</u>	<u>92,923</u>
<b>Equity shareholders' funds</b>		<u>94,886</u>	<u>92,923</u>

The financial statements were approved by the board of directors and signed on its behalf by:



J F Gallagher  
Director

11 February 2019

## Company statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	10	4,135	4,654
Tangible assets	11	78,828	48,408
Investments	12	6,500	6,500
		<u>89,463</u>	<u>59,562</u>
<b>Current assets</b>			
Stocks	13	70,387	64,033
Debtors	14	14,999	16,875
Cash at bank and in hand		-	10,852
		<u>85,386</u>	<u>91,760</u>
<b>Creditors:</b> amounts falling due within one year	15	(84,934)	(62,558)
<b>Net current assets</b>		<u>452</u>	<u>29,202</u>
<b>Total assets less current liabilities</b>		<u>89,915</u>	<u>88,764</u>
<b>Creditors:</b> amounts falling due after more than one year	16	(21,867)	(23,076)
<b>Accruals and deferred income</b>	18	(166)	(317)
<b>Provisions for liabilities and charges</b>	8(d)	(605)	(57)
<b>Net assets</b>		<u><u>67,277</u></u>	<u><u>65,314</u></u>
<b>Capital and reserves</b>			
Called up equity share capital	20	21,400	21,400
Share premium account	21	1,600	1,600
Profit and loss account		44,277	42,314
<b>Equity shareholders' funds</b>		<u><u>67,277</u></u>	<u><u>65,314</u></u>

The financial statements were approved by the board of directors and signed on its behalf by:



J F Gallagher  
Director

11 February 2019

## Notes to the financial statements

at 31 December 2018

### 1. Accounting policies

#### *Statement of compliance*

Scottish Sea Farms Ltd is a limited liability company incorporated in England. The registered office is Condor House 10 Saint Paul's Churchyard, London, EC4M 8A. The Groups financial statements have been prepared in compliance with FRS102 and it applies to the financial statements of the Group for the year ended 31 December 2018.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention. The financial statements are prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £000.

#### *Basis of consolidation*

The group financial statements consolidate the financial statements of Scottish Sea Farms Limited and all its subsidiaries made up to 31 December 2018. No income statement is presented for the company as permitted by section 408 of the Companies Act 2006.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land and houses, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	30 years
Leasehold property	-	10 years or over the period of the lease if shorter
Machinery and equipment	-	4 - 10 years
Motor vehicles	-	3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Goodwill and other intangible assets*

Goodwill is the difference between the amount paid on the acquisition of a business's assets and trade and the fair value of its separable net assets. It has been capitalised and is being written off in equal annual instalments over its expected economic life of 15 years commencing in the year of acquisition. This goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. In the case of ongrowing fish, costs include direct labour, feed and direct overheads attributable to fish production.

#### *Research and development*

Expenditure on research and development is written off in the year in which it is incurred.

#### *Revenue recognition*

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

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.



## Notes to the financial statements

at 31 December 2018

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

#### *Government grants*

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

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

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

#### *Pensions*

The group operates both a defined benefit and a defined contribution pension scheme. The assets of the schemes are held separately from those of the group.

Defined benefit pension scheme assets are measured using market value. Associated pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

Any increase in the present value of the liabilities of the group's defined benefit pension scheme expected to arise from employee service in the period, is charged to the operating profit. The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income statement as other finance revenue or cost. Actuarial gains and losses are recognised in the statement of total comprehensive income.

A surplus will only be recognised if there is agreement from the Trustees of the Defined Benefit Scheme at the Balance Sheet date and that the company will obtain the benefit from either a refund or reduction in future contributions.

The company also operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All foreign currency exchange differences are dealt with through the income statement.

# Notes to the financial statements

at 31 December 2018

## 1. Accounting policies (continued)

### Cash flow statement

The company has taken advantage of the exemption conferred by FRS 102 with the requirements of section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).

### Derivative instruments

The group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The company does not undertake any hedge accounting transactions.

## 2. Turnover

Turnover comprises the invoice value of goods and services supplied by the group exclusive of VAT and intra-group transactions.

Turnover is attributable to one continuing activity; the farming and processing of salmon.

No further analysis of turnover has been disclosed, as, in the opinion of the directors, any further analysis would be seriously prejudicial to the interests of the group.

## 3. Group operating profit

This is stated after charging/(crediting):

	2018 £000	2017 £000
Depreciation of owned assets	6,255	6,705
Depreciation of assets held under finance leases and hire purchase contracts	1,189	1,037
	<u>7,444</u>	<u>7,742</u>
Auditors' remuneration		
- audit services	43	42
- non audit services:		
Taxation - compliance	29	29
Pension	7	7
Taxation - advisory	50	40
Hire of plant and equipment	8,771	8,119
Research and development	128	11
Amortisation of goodwill and intangible assets	519	621
Release of deferred government grants	(158)	(217)
Exchange gain	49	7
Gain on sale of fixed assets	<u>1,941</u>	<u>52</u>

## Notes to the financial statements

at 31 December 2018

### 4. Directors' remuneration

	2018 £000	2017 £000
Emoluments	1,089	874
Contributions paid into defined contributions pension scheme	-	2

The emoluments of the highest paid director for the year ended 31 December 2018 were £847,000 (2017 - £571,000) and pension contributions were £nil (2017 - nil). No directors were members of the Defined Benefit Pension Scheme.

### 5. Staff costs

	2018 £000	2017 £000
Wages and salaries	17,039	15,348
Social security costs	1,744	1,548
Other pension costs	359	287
	19,142	17,183

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

	2018 <i>No.</i>	2017 <i>No.</i>
Production	408	388
Administration	44	40
	452	428

### 6. Net interest payable

	2018 £000	2017 £000
Bank loan interest	352	682
Bank overdraft interest	483	2
Finance charges payable under finance leases and hire purchase contracts	154	138
	989	822
Less: interest received	52	44
	937	778

## Notes to the financial statements

at 31 December 2018

### 7. Other finance income

	2018	2017
	£000	£000
Interest on pension scheme liabilities	(386)	(421)
Expected return on pension scheme assets	386	421
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

### 8. Taxation

#### (a) Tax on profit on ordinary activities

##### Group

The tax charge is made up as follows:

	Note	2018	2017
		£000	£000
UK corporation tax:			
UK corporation tax on profit for year		10,306	11,728
Tax (over)/ under provided in previous years		374	(152)
		<u>10,680</u>	<u>11,576</u>
Deferred tax:			
Originating and reversal of timing differences		909	(186)
Adjustment in respect of previous periods		(265)	323
Effect of changes in tax rates		(96)	11
		<u>-</u>	<u>-</u>
Total tax charge	8(b)	<u><u>11,228</u></u>	<u><u>11,724</u></u>

#### Other comprehensive income items

Current tax	142	-
	<u><u>142</u></u>	<u><u>-</u></u>

#### (b) Factors affecting the total tax charge

##### Group

The tax assessed on the profit on ordinary activities for the year is higher (2017 – lower) than the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are reconciled below:

	Note	2018	2017
		£000	£000
Profit on ordinary activities before tax		58,798	61,475
		<u><u>58,798</u></u>	<u><u>61,475</u></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)		11,172	11,832
Effect of:			
Disallowed expenses and non-taxable income		43	129
Other timing differences		-	(192)
Adjustment from previous periods		109	(56)
Tax rate changes		(96)	11
		<u><u>11,228</u></u>	<u><u>11,724</u></u>
	8(a)	<u><u>11,228</u></u>	<u><u>11,724</u></u>

## Notes to the financial statements

at 31 December 2018

### 8. Taxation (continued)

(c) Factors that may affect future tax charges

The standard rate of UK corporation tax for the period was 19%, the Finance Act 2016 reduced the standard rate from 19% to 17% with effect from 1 April 2020.

(d) Deferred tax

The deferred tax liability included in the group and company statement of financial position is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Fixed asset timing differences	644	176	644	176
Other timing differences	(39)	(119)	(39)	(119)
	<u>605</u>	<u>57</u>	<u>605</u>	<u>57</u>

	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>
At 1 January 2018	57	57
Adjustment in respect of prior years	(265)	(265)
Deferred tax charge to income statement for the period	813	813
At 31 December 2018	<u>605</u>	<u>605</u>

All the deferred tax balances above are stated at 17% (2017 – 17%).

### 9. Profit attributable to members of the parent company

The company has not presented its own profit and loss account for the year ended 31 December 2018. Of the group profit for the financial year, a profit attributable to the members of £47,570,000 (2017 – £41,719,000) has been dealt with in the financial statements of the company.

## Notes to the financial statements

at 31 December 2018

### 10. Intangible fixed assets

<i>Group</i>	<i>Goodwill</i> <i>£000</i>	<i>Sites</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost:			
At 1 January 2018	8,345	2,525	10,870
Reclassification	1,311	-	1,311
At 31 December 2018	<u>9,656</u>	<u>2,525</u>	<u>12,181</u>
Depreciation			
At 1 January 2018	5,324	949	6,273
Provided in year	433	86	519
At 31 December 2018	<u>5,757</u>	<u>1,035</u>	<u>6,792</u>
Net book value:			
At 31 December 2018	<u>3,899</u>	<u>1,490</u>	<u>5,389</u>
At 1 January 2018	<u>3,021</u>	<u>1,576</u>	<u>4,597</u>
<i>Company</i>	<i>Goodwill</i> <i>£000</i>	<i>Sites</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost:			
At 1 January 2018 and 31 December 2018	<u>8,064</u>	<u>2,320</u>	<u>10,384</u>
Depreciation			
At 1st January 2018	4,892	838	5,730
Provided in year	433	86	519
At 31 December 2018	<u>5,325</u>	<u>924</u>	<u>6,249</u>
Net book value:			
At 31 December 2018	<u>2,739</u>	<u>1,396</u>	<u>4,135</u>
At 1 January 2018	<u>3,172</u>	<u>1,482</u>	<u>4,654</u>

Intangible assets are being amortised in equal annual instalments over its estimated economic life of 15 years.

## Notes to the financial statements

at 31 December 2018

### 11. Tangible fixed assets

<i>Group</i>	<i>Freehold land and buildings £000</i>	<i>Buildings and leasehold land £000</i>	<i>Machinery and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Assets under construction £000</i>	<i>Total £000</i>
Cost:						
At 1 January 2018	7,126	1,099	118,397	3,033	16,384	146,039
Additions	53	-	7,055	609	30,549	38,266
Reclassification	(1,311)	-	-	-	-	(1,311)
Disposals	(561)	-	(2,349)	(242)	-	(3,152)
At 31 December 2018	<u>5,307</u>	<u>1,099</u>	<u>123,103</u>	<u>3,400</u>	<u>46,933</u>	<u>179,842</u>
Depreciation						
At 1 January 2018	3,944	1,099	87,960	2,371	-	95,374
Charge for year	535	-	6,524	385	-	7,444
Disposals	(294)	-	(2,214)	(242)	-	(2,750)
At 31 December 2018	<u>4,185</u>	<u>1,099</u>	<u>92,270</u>	<u>2,514</u>	<u>-</u>	<u>100,068</u>
Net book value:						
At 31 December 2018	<u>1,122</u>	<u>-</u>	<u>30,833</u>	<u>886</u>	<u>46,933</u>	<u>79,774</u>
At 1 January 2018	<u>3,182</u>	<u>-</u>	<u>30,437</u>	<u>662</u>	<u>16,384</u>	<u>50,665</u>

The net book value of machinery and equipment and motor vehicles includes £6,792,000 (2017 - £5,824,000) and £580,000 (2017 - £438,000) respectively relating to assets held under finance leases and hire purchase contracts. The cost of land included in the net book value of tangible fixed assets above is £5,489,000 (2017 - £5,489,000).

## Notes to the financial statements

at 31 December 2018

### 11. Tangible assets (continued)

<i>Company</i>	<i>Freehold land and buildings £000</i>	<i>Buildings and leasehold land £000</i>	<i>Machinery and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Assets under construction £000</i>	<i>Total £000</i>
Cost:						
At 1 January 2018	4,518	1,099	105,974	2,747	16,384	130,722
Additions	52	-	7,057	609	30,549	38,267
Disposals	(561)	-	(2,349)	(242)	-	(3,152)
At 31 December 2018	<u>4,009</u>	<u>1,099</u>	<u>110,682</u>	<u>3,114</u>	<u>46,933</u>	<u>165,837</u>
Depreciation						
At 1 January 2018	3,730	1,099	75,401	2,084	-	82,314
Charge for year	535	-	6,524	385	-	7,444
Disposals	(293)	-	(2,214)	(242)	-	(2,749)
At 31 December 2018	<u>3,972</u>	<u>1,099</u>	<u>79,711</u>	<u>2,227</u>	<u>-</u>	<u>87,009</u>
Net book value:						
At 31 December 2018	<u>37</u>	<u>-</u>	<u>30,971</u>	<u>887</u>	<u>46,933</u>	<u>78,828</u>
At 1 January 2018	<u>788</u>	<u>-</u>	<u>30,573</u>	<u>663</u>	<u>16,384</u>	<u>48,408</u>

The net book value of machinery and equipment and motor vehicles includes £6,792,000 (2017 - £5,824,000) and £580,000 (2017 - £438,000) respectively relating to assets held under finance leases and hire purchase contracts. The cost of land included in the net book value of tangible fixed assets above is £5,489,000 (2017 - £5,489,000).



## Notes to the financial statements

at 31 December 2018

### 12. Investments

*Company*

	<i>Subsidiary Undertakings</i>	<i>Subsidiary Undertakings</i>
	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
<i>Cost:</i>		
At 1 January and 31 December	6,500	6,500

The companies listed below are dormant.

Orkney Sea Farms Ltd*	Ordinary £1	Scotland	100%
GSP Farms Limited	Ordinary £1	Scotland	100%
Scottish Sea Farms Sales Limited	Ordinary £1	Scotland	100%
Kerrera Fisheries Limited	Ordinary £1	Scotland	100%
MJM (Salmon) Ltd	Ordinary £1	Scotland	100%
Dury Salmon Ltd	Ordinary £1	Scotland	100%
Terregles Salmon Company Ltd*	Ordinary £1	Scotland	100%
Ettrick Trout Co Ltd	Ordinary £1	Scotland	100%

\* Held by a subsidiary undertaking

The registered office for all the above companies is:

Laurel House  
Laurelhill Business Park  
Stirling  
FK7 9JQ

### 13. Stocks

	<i>2018</i>	<i>Group</i>	<i>2018</i>	<i>Company</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Materials and feed	1,911	1,959	1,911	1,959
Ongrowing fish	68,476	62,074	68,476	62,074
	<u>70,387</u>	<u>64,033</u>	<u>70,387</u>	<u>64,033</u>

The stocks recognised as an expense in the year were £97,016,000 (2017 - £110,911,000).

## Notes to the financial statements

at 31 December 2018

### 14. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	8,988	9,673	8,988	9,673
Prepayments and accrued income	4,780	4,377	4,780	4,377
Amounts owed by ultimate parent undertakings	1,162	2,784	1,162	2,784
Other debtors	69	41	69	41
	<u>14,999</u>	<u>16,875</u>	<u>14,999</u>	<u>16,875</u>

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

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans (note 17)	1,812	1,812	1,812	1,812
Non secured loan	500	500	500	500
Bank overdraft	20,067	-	20,067	-
Trade creditors	12,341	12,619	12,341	12,619
Social security	1,135	936	1,135	936
Corporation tax payable	3,495	4,562	3,495	4,562
Accruals and deferred income	11,674	8,410	11,674	8,410
Obligations under finance leases and hire purchase contracts (note 19)	2,001	1,810	2,001	1,810
Amounts owed to subsidiary undertakings	-	-	31,909	31,909
	<u>53,025</u>	<u>30,649</u>	<u>84,934</u>	<u>62,558</u>

The bank loans and overdraft are secured by a fixed and floating charge and standard security over all the assets of the company and its subsidiaries. In addition there is a first priority charge of the company's shares in its subsidiary undertakings.

## Notes to the financial statements

at 31 December 2018

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

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Bank loans (note 17)	15,859	17,672	15,859	17,672
Non secured loan	3,250	3,750	3,250	3,750
Obligations under finance leases and hire purchase contracts (note 19)	2,758	1,654	2,758	1,654
	<u>21,867</u>	<u>23,076</u>	<u>21,867</u>	<u>23,076</u>

The £5m unsecured loan is repayable in fifteen quarterly instalments of £125,000, with a final payment of £3.125m due in 2020.

### 17. Bank loans

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Wholly repayable within five years:				
Bank loan	17,671	19,484	17,671	19,484
Less: included in creditors: amounts falling due within one year (note 15)	(1,812)	(1,812)	(1,812)	(1,812)
Amounts falling due after one year (note 16)	<u>15,859</u>	<u>17,672</u>	<u>15,859</u>	<u>17,672</u>
Amounts repayable:				
Within one year	1,812	1,812	1,812	1,812
In two to five years	15,859	17,672	15,859	17,672
	<u>17,671</u>	<u>19,484</u>	<u>17,671</u>	<u>19,484</u>

The initial £21.75m loan facility was repayable in twenty quarterly instalments of £453,000 commencing October 2016, with a final payment of £12.7 million due in 2021.

The bank loans and overdraft are secured by a fixed and floating charge and standard security over all the assets of the company and its subsidiaries. In addition there is a first priority charge of the company's shares in its subsidiary undertakings.

### 18. Accruals and deferred income

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred government grants:				
At 1 January 2018	317	-	317	-
Received in year	7	534	7	534
Released in year	(158)	(217)	(158)	(217)
At 31 December 2018	<u>166</u>	<u>317</u>	<u>166</u>	<u>317</u>

## Notes to the financial statements

at 31 December 2018

### 19. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts payable:				
Within one year	2,167	1,959	2,167	1,959
In two to five years	2,993	1,783	2,993	1,783
	<u>5,160</u>	<u>3,742</u>	<u>5,160</u>	<u>3,742</u>
Less: finance charges allocated to future periods	(401)	(278)	(401)	(278)
	<u>4,759</u>	<u>3,464</u>	<u>4,759</u>	<u>3,464</u>

Finance leases and hire purchase contracts are analysed as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Current obligations (note 15)	2,001	1,810	2,001	1,810
Non-current obligations (note 16)	2,758	1,654	2,758	1,654
	<u>4,759</u>	<u>3,464</u>	<u>4,759</u>	<u>3,464</u>

### 20. Called up share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>No</i>	<i>No</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	21,400,000	21,400,000	21,400	21,400

## Notes to the financial statements

at 31 December 2018

### 21. Reserves

#### *Share premium account*

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

### 22. Financial instruments

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Financial assets that are equity instruments measured at cost less impairment</i>	-	-	6,500	6,500
<i>Financial assets that are debt instruments measured at cost</i>				
- Other debtors	69	41	69	41
- Amounts owed by ultimate parent undertakings	1,162	2,784	1,162	2,784
<i>Financial liabilities measured at amortised cost</i>				
- Finance leases and hire purchase contracts	4,759	3,464	4,759	3,464
- Trade creditors	12,341	12,619	12,341	12,619
- Bank loans	17,671	19,484	17,671	19,484
- Non secured loans	3,750	4,250	3,750	4,250
- Amounts owed to subsidiary undertakings	-	-	31,909	31,909

### 23. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £8,078,000 (2017 - £24,777,000) for the group and the company.

## Notes to the financial statements

at 31 December 2018

### 24. Pensions and other post-retirement benefits

The company sponsors the Scottish Sea Farms Defined Benefit Pension Scheme. The company took the decision to close the scheme to future accrual with effect from midnight on 31 December 2009. From 1 January 2010 members have been offered membership of the Company's Group Personal Pension Plan and no further defined benefits have accrued.

A valuation of the scheme for FRS 102 purposes was carried out by a qualified independent actuary as at 31 December 2018. The FRS102 valuation is based on projecting forward the results of the 31 December 2016 funding valuation, allowing for interest on the liabilities, the actual benefits paid out, an estimate of the effect of any changes in the actuarial assumptions and GMP equalisation. Scheme assets are stated at their unaudited bid-market value at 31 December 2018.

The following amounts at 31 December 2018 were measured in accordance with the requirements of FRS102:

The assets and liabilities of the scheme at 31 December 2018 are:

*Scheme assets at fair value:*

	2018 £000	2017 £000
Corporate Bonds	5,934	6,165
Government Bonds	7,391	8,768
Liquidity funds	1,636	303
Cash	20	20
Fair value of scheme assets	14,981	15,256
Present value of scheme liabilities	(11,394)	(13,287)
Defined benefit pension scheme surplus	3,587	1,969
Effect of asset limitation	(3,587)	(1,969)
Net pension surplus on the balance sheet	-	-

The net surplus of £3,587,000 at 31 December 2018 (2017 - £1,969,000) has not been incorporated into the financial statements as Scottish Sea Farms Limited, as an employer, is not deemed to control or be able to benefit from the surplus, in accordance with FRS102.

The fair value of the assets of the scheme at 31 December 2018 relates wholly to corporate bonds, government bonds, liquidity funds, cash and other.

## Notes to the financial statements

at 31 December 2018

### 24. Pension scheme (continued)

The movements in assets and liabilities in the year are as follows:

Changes in the present value of the defined benefit obligations are analysed as follows:

	2018 £000	2017 £000
Benefit obligation at beginning of the year	13,287	15,686
Past service cost	80	-
Interest cost	326	391
Experience losses on liabilities	-	(131)
Benefits paid	(1,191)	(2,378)
Changes in assumptions	(1,108)	(281)
Benefit obligation at 31 December	<u>11,394</u>	<u>13,287</u>

Changes in the fair value of plan assets are analysed as follows:

	£000	£000
Fair value of scheme assets at beginning of the year	15,256	16,392
Expected return on scheme assets	386	421
Contributions by employer	750	1,000
Benefits paid	(1,191)	(2,378)
Actuarial losses	(220)	(179)
Fair value of scheme assets at 31 December	<u>14,981</u>	<u>15,256</u>
Net amount recognised	<u>nil</u>	<u>nil</u>

The contributions made by the employer over the financial year have been £750,000 (2017 - £1,000,000). The company will pay a further £750,000 in 2019. In addition, all costs of administering the scheme are paid by the company and are charged directly to the profit and loss as a business expense.

## Notes to the financial statements

at 31 December 2018

### 24. Pension scheme (continued)

	2018 £000	2017 £000
Current service cost	-	-
Interest income pension scheme assets (before asset limitation effect)	(386)	(421)
Interest income pension scheme assets (after asset limitation effect)	(326)	(391)
Interest on pension scheme liabilities	326	391
Net return (before asset limitation effect)	-	-
Net return (after asset limitation effect)	-	-

### Taken to the statement of comprehensive income:

	2018 £000	2017 £000
<b>Re-measurements (recognised in other comprehensive income (OCI))</b>		
Actual return less interest income on pension scheme assets	220	179
Experience gains and losses arising on the scheme liabilities	-	(131)
Changes in assumptions underlying the present value of the scheme liabilities	(1,108)	(281)
Actuarial gain recognised in OCI	(888)	(233)
Effect of asset limitation	888	233
Total amount recognised in OCI	-	-

### Recognised in the group income statement

	2018 £000	2017 £000
Expected return on pension scheme assets	(386)	(421)
Interest on pension obligation	386	421
Net income	-	-



## Notes to the financial statements

at 31 December 2018

### 24. Pension scheme (continued)

*Main assumptions:*

	2018	2017
Rate of increase in deferred pensions accrued pre 1 March 2002	3.60%	3.60%
Rate of increase in deferred pensions accrued post 1 March 2002	2.90%	2.90%
Rate of increase in pensions in deferment	2.09%	2.08%
Discount rate	2.97%	2.57%
Inflation assumption – RPI	3.09%	3.08%
Inflation assumption – CPI	2.09%	2.08%

An expected rate of return on asset assumption is not required under FRS102, where the interest income on assets will be calculated using the discount rate assumption.

The actual return on scheme assets during 2018 was a gain of £166,000, 2017 was £242,000.

#### Statutory pension increases or revaluations based on price inflation

The same post retirement mortality base table assumption has been adopted as was used for the funding valuation at 31 December 2016 i.e. the S2PA tables with a 20% uplift to the base  $q_x$  rates, with an additional one year age rating on the expensing basis. The future improvements assumption has been updated to be in line with the CMI\_2017 projection model with 1.5% per annum long term rate of improvement. These tables correspond to life expectancies from age 65 as follows:

	Male	Female
Member currently aged 65	19.1	21.8
Member currently aged 45	21.6	23.7

The pre-retirement mortality assumption is the same as that which was adopted for the most recent actuarial valuation, i.e. the A92 tables with a -2 year age rating.

In addition, an allowance has been made for members to choose to commute 25% of their pension entitlement for a tax free-free cash lump sum at retirement using factors currently in force. A sample factor used is £15.255 at age 65 (2017: 25% with a sample factor of £15.255 at age 65).

The company also operates a defined contribution scheme for its employees. Contributions accrued and due to be paid at 31 December 2018 amounted to £31,000 (2017 – £29,000). The contributions paid into this scheme in the year were £359,000 (2017 - £287,000).

## Notes to the financial statements

at 31 December 2018

### 25. Other financial commitments

As at 31 December 2018 the group had future minimum rentals payable under non-cancellable operating leases as set out below:

	2018 £000	2017 £000
Within one year	3,514	3,460

### 26. Related parties

- i) During the year, the group bought and sold fish in the normal course of business from/to Hallvard Leroy ASA and Salmar Sales ASA, both subsidiaries of its ultimate parent undertakings. The price charged was the normal market price in the case of each individual purchase/sale. Included in the profit and loss account are the following amounts relating to transactions with Hallvard Leroy ASA and Salmar Sales ASA:

	2018 £000	2017 £000
Sales to associated company	25,795	27,210
Purchases from associated companies	6,322	1,366

At the balance sheet date the amount due from Hallvard Leroy ASA was £2,270,000 (2017 - £2,766,000). The amount outstanding to Salmar ASA was £1,108,000 (2017 - debtor of £18,000).

- ii) There have been other intra group transactions but these have not been disclosed due to the exemption contained in Financial Reporting Standard 102.

### 27. Parent undertakings and controlling parties

In the opinion of the directors, the company's immediate parent undertaking is Norskott Havbruk AS, incorporated in Norway. It will include the company in its group financial statements, copies of which will be available from its registered office: Bontelabo 2, 5020 Bergen, Norway.

In the opinion of the directors, the company's ultimate parent undertakings and controlling parties are Leroy Seafood Group ASA and Salmar ASA, both companies incorporated in Norway. Copies of their group financial statements, which include the company, are available from PO Box 7600, N-5020 Bergen, Norway, and N-216 Kverva, Norway, respectively.