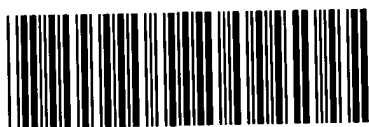


The Edinburgh Salmon Company Ltd

Annual report and financial statements

for the year ended 30 December 2018

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The Edinburgh Salmon Company Ltd

Company information

Directors	G D'Argenlieu P Gaskell D Sankowicz
Registered number	SC138847
Registered office	1 Strathview Dingwall Business Park Dingwall IV15 9XD
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors The Capitol 431 Union Street Aberdeen AB11 6DA

The Edinburgh Salmon Company Ltd

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The Edinburgh Salmon Company Ltd

Strategic report for the year ended 30 December 2018

The directors present their strategic report on the company for the year ended 30 December 2018.

Review of the business and future developments

The company's principal activity was the processing of salmon into raw fillets and smoked and cooked ready to eat products. The company ceased trading on 30 December 2018.

On 27th September 2018, a public announcement was made regarding the proposed sale or closure of the company. Despite ongoing review, significant investment and structural changes, the company continued to suffer heavy losses as a result of highly challenging market conditions and industry trends. The company actively pursued and explored all viable divestment opportunities in an attempt to avoid, reduce, and/or mitigate the potential impacts upon its valued employees.

The employees of the company are a primary consideration and were informed on the same day, followed by customers and suppliers, as well as community leaders and government representatives.

Following the announcement to employees, the company started the process of appointing elected workplace representatives; to begin a 45-day period of collective consultation, followed by individual consultations. We would like to thank our employees for their support, commitment and professionalism during this difficult time.

The company has many long-standing and valued customer and supplier relationships and is committed to working closely with each of them in order to successfully deliver on our existing arrangements and also to help them to smoothly transition to alternative supply arrangements going forward.

The directors' intentions are to try to dispose of the company's assets in the future.

The company made a loss for the financial year of £11,862,376 (2017: £5,225,202) and had net liabilities at the year end of £16,219,028 (2017: £4,356,652). The loss for the year is partly a consequence of the closure.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy were subject to a number of risks.

The key business risks and uncertainties which affected the company were considered to relate to the price of fish, product availability, competition from other fish and seafood processors, employee retention and health and safety compliance.

Given the company had ceased trading by the balance sheet date, the company considers these risks no longer relevant to the company.

The Edinburgh Salmon Company Ltd

Strategic report for the year ended 30 December 2018 (continued)

Key performance indicators

The company formally measured its financial performance on a weekly basis, which included consideration of yields, price variances, turnover levels and gross margin. This was in turn discussed in detail by the management team, with corrective action taken as necessary.

Financial risk management

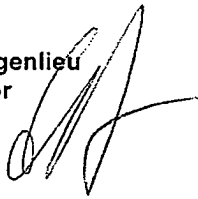
The company's principal financial instruments comprise bank balances, trade debtors, amounts owed to group undertakings and accruals. The main purpose of the financial instruments was to raise funds to finance the company's continuing operations.

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.

Amounts owed to group undertakings and accruals liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

This report was approved by the board on and signed on its behalf by

**G D'Argenlieu
Director**



13 SEPTEMBER 2019

The Edinburgh Salmon Company Ltd

Directors' report for the year ended 30 December 2018

The directors present their report and the audited financial statements of the company for the year ended 30 December 2018.

Directors' responsibilities statement

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

In accordance with Section 390 of the Companies Act 2006, these financial statements cover the period from 1 January 2018 to 30 December 2018.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Going concern

The directors have prepared the financial statements on a basis other than going concern. Further details can be found in note 3.2 to the financial statements.

Results and dividends

The loss for the financial year, amounted to £11,862,376 (2017: £5,225,202).

The directors do not recommend the payment of a final dividend (2017: £nil).

Directors

The directors who served during the period were:

G Argand (resigned 15 July 2019)
G D'Argenlieu (appointed 16 July 2019)
P Gaskell (appointed 16 July 2019)
P Gouyet (resigned 31 March 2019)
D Sankowicz
G S Taylor (resigned 31 March 2019)

The Edinburgh Salmon Company Ltd

Directors' report (continued) for the year ended 30 December 2018

Future developments and risk management

These sections can be found in the strategic report on page 1.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

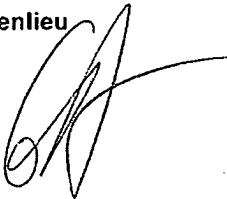
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PriceWaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **13 SEPTEMBER 2019** and signed on its behalf.

G D'Argenlieu
Director

A handwritten signature in black ink, appearing to be 'G D'Argenlieu', written over the printed name and title.

Independent auditors' report to the members of The Edinburgh Salmon Company Ltd

Report on the audit of the financial statements

Our opinion

In our opinion, The Edinburgh Salmon Company Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 December 2018; the statement of comprehensive income, the statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 3.2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of The Edinburgh Salmon Company Ltd

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David R Morrice (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

13

September 2019

The Edinburgh Salmon Company Ltd

Statement of comprehensive income for the year ended 30 December 2018

	Note	2018 £	2017 £
Turnover	5	33,131,240	36,795,297
Cost of sales		(32,130,171)	(35,624,958)
Gross profit		1,001,069	1,170,339
Administrative expenses		(8,858,246)	(6,451,252)
Exceptional expenses	8	(3,858,909)	-
Other operating income	6	360,643	34,922
Operating loss	7	(11,355,443)	(5,245,991)
Interest payable and similar expenses	11	(271,620)	(112,743)
Loss before taxation		(11,627,063)	(5,358,734)
Tax on loss	12	(235,313)	133,532
Loss for the financial year		(11,862,376)	(5,225,202)

The results for the year were derived from discontinued operations of the company.

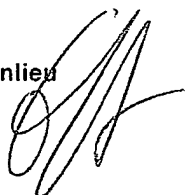
The notes on pages 10 to 23 form part of these financial statements.

**Balance sheet
as at 30 December 2018**

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	13		1,835,467		4,290,811
Current assets					
Stocks	14	111,263		1,330,150	
Debtors	15	6,409,761		7,748,173	
Cash at bank and in hand		193,839		156,514	
		<u>6,714,863</u>		<u>9,234,837</u>	
Creditors: amounts falling due within one year	16	(24,534,045)		(17,521,657)	
Net current liabilities			<u>(17,819,182)</u>		<u>(8,286,820)</u>
Total assets less current liabilities			<u>(15,983,715)</u>		<u>(3,996,009)</u>
Creditors: amounts falling due after more than one year	17		-		(360,643)
Provisions for liabilities					
Deferred tax	18		(235,313)		-
Net liabilities			<u>(16,219,028)</u>		<u>(4,356,652)</u>
Capital and reserves					
Called up share capital	19		200,000		200,000
Accumulated losses			<u>(16,419,028)</u>		<u>(4,556,652)</u>
Total shareholders' deficit			<u>(16,219,028)</u>		<u>(4,356,652)</u>

The financial statements on pages 7 to 23 were approved and authorised for issue by the board of directors on 13 SEPTEMBER 2019 and were signed on its behalf by:

G D'Argenlieu
Director



The Edinburgh Salmon Company Ltd

Statement of changes in equity for the year ended 30 December 2018

	Called up share capital £	Accumulated losses £	Total equity £
At 31 December 2017	200,000	(4,556,652)	(4,356,652)
Loss and total comprehensive expense for the year	-	(11,862,376)	(11,862,376)
At 30 December 2018	<u>200,000</u>	<u>(16,419,028)</u>	<u>(16,219,028)</u>

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital £	Retained earnings/ (Accumulated losses) £	Total equity £
At 31 December 2016	200,000	668,550	868,550
Loss and total comprehensive expense for the year	-	(5,225,202)	(5,225,202)
At 31 December 2017	<u>200,000</u>	<u>(4,556,652)</u>	<u>(4,356,652)</u>

The notes on pages 10 to 23 form part of these financial statements.

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

1. General information

The Edinburgh Salmon Company Ltd processes salmon into raw fillets and smoked and cooked ready to eat products.

The company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is 1 Strathview, Dingwall Business Park, Dingwall, IV15 9XD.

2. Statement of compliance

The individual financial statements of The Edinburgh Salmon Company Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a basis other than going concern.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

It is planned to dissolve the company in 2019. Therefore as required by section 3 of FRS 102 and as permitted by SI 2008/410 Schedule 1(10) (2), the directors have prepared the financial statements on the basis that the company is no longer a going concern. Impairments were booked against Land and buildings and Plant and machinery in relation to the closure of the business and controlled wind down. Outside of these impairments no other adjustments have been made to the financial statements on the carrying value of assets or liabilities as a result of preparing them on a basis other than that of a going concern.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- the requirement to prepare a statement of cash flow;
- certain financial instrument disclosures; and
- the non-disclosure of key management personnel compensation

The company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent undertaking Thai Union Group Public Company Limited, includes the company's results in the equivalent disclosures in its own consolidated financial statements.

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

3. Summary of significant accounting policies (continued)

3.4 Foreign currency

(i) Functional and presentational currency

The company's functional and presentational currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

3.5 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Turnover is recognised at the point of despatch for goods and on the performance of services.

3.6 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The company is applying the accruals model to government grants. Grants are classified as either a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised as income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Grants relating to assets are recognised in income on a systematic basis over the asset's expected useful life. If part of such a grant is deferred, it is recognised as deferred income rather than being deducted from the asset's carrying amount.

3.7 Interest payable

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

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

3. Summary of significant accounting policies (continued)

3.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.9 Tangible assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land	- Not depreciated
Buildings	- 2% to 25% straight line
Plant and machinery	- 2% to 50% straight line
Motor vehicles	- 25% straight line

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

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

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

3. Summary of significant accounting policies (continued)

3.10 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.11 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

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. Cost is calculated using the weighted average method. Net realisable value is based on the estimated selling price less the costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

3. Summary of significant accounting policies (continued)

3.13 Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

3.14 Employee benefits

Defined Contribution Pension Plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Short Term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

3.15 Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

3. Summary of significant accounting policies (continued)

3.16 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

3.17 Exceptional items

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

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Stock

Stock is valued at the lower of cost and net realisable value. This includes any provision for slow moving or obsolete stock. Calculation of such provisions requires judgements to be made on various aspects of stock based on forecasts and historical trading.

The cost of work in progress and closing stock is measured using the standard costing technique. This takes into account normal levels of raw materials, yields, labour, and where applicable, packaging and distribution costs. They are regularly reviewed in light of current conditions which requires judgements and estimations to be made. See note 14 for the net carrying amount of stock and the associated provision.

(ii) Impairment review of land and buildings

As part of the impairment review of land and buildings, value in use assumptions have been calculated and used to support the carrying value in the financial statements. The value in use assumptions applied require judgements and assumptions to be made on future cash flows, fish price and future consumer demand. These assumptions and estimates are based on information available at the year end which is subject to fluctuations. See note 13 for the carrying amount of land and buildings.

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

5. Turnover

An analysis of turnover by geographical market is as follows:

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
United Kingdom	31,774,433	32,768,297
Rest of Europe	1,356,808	4,027,000
	<u>33,131,241</u>	<u>36,795,297</u>

6. Other operating income

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Grant income released	360,643	34,922

7. Operating loss

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

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Exchange (gains)/losses	(21,360)	54,759
Depreciation of tangible fixed assets	750,574	749,088
Impairment of tangible fixed assets	(1,806,909)	-
Cost of stocks recognised as an expense	26,462,942	29,927,651
Operating lease charges	303,375	420,838
Fees payable to the company's auditors for the audit of the company's financial statements	21,000	22,000
Fees payable to the company's auditors for tax services	3,950	4,300
Fees payable to the company's auditors for other services	11,000	6,500

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

8. Exceptional expenses

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Impairment expense (note 13)	1,806,909	-
Redundancy costs (note 9)	2,052,000	-
	<u>3,858,909</u>	<u>-</u>

Redundancy costs and the write down of the fair value of the company's fixed assets were incurred due to the cessation of the company's trade.

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	3,894,548	3,997,181
Social security costs	308,828	315,327
Other pension costs (note 20)	55,363	33,334
	<u>4,258,739</u>	<u>4,345,842</u>

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

	Year ended 30 December 2018 No.	Year ended 31 December 2017 No.
Directors	1	1
Production	142	167
Administration	16	10
	<u>159</u>	<u>178</u>

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

10. Directors' remuneration

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Aggregate emoluments	77,167	75,107
Company pension contributions	7,305	6,825
	84,472	81,932

During the period retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pension schemes.

11. Interest payable and similar expenses

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
On amounts owed to group undertakings	271,620	112,743

12. Tax on loss

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Deferred tax		
Origination and reversal of timing differences	235,314	(66,541)
Adjustments in respect of prior periods	(1)	(74,757)
Effect of changes in tax rates	-	7,766
Total deferred tax	235,313	(133,532)
Total tax on loss	235,313	(133,532)

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

12. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: higher than) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	Year ended 30 December 2018 £	Year ended 31 December 2017 £
Loss before tax	(11,627,063)	(5,358,734)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(2,209,142)	(1,031,373)
Effects of:		
Expenses not deductible for tax purposes	199,762	52,799
Adjustments in respect of prior periods	(1)	(74,757)
Unutilised tax losses	-	749,295
Changes in tax rates	-	7,765
Group relief	2,064,187	162,739
Deferred tax not provided	180,507	-
Total tax charge/(credit) for the year	235,313	(133,532)

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

13. Tangible assets

	Land & buildings £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2018	4,343,939	9,131,190	61,905	13,537,034
Additions	-	102,139	-	102,139
At 30 December 2018	<u>4,343,939</u>	<u>9,233,329</u>	<u>61,905</u>	<u>13,639,173</u>
Accumulated depreciation				
At 1 January 2018	1,861,613	7,322,705	61,905	9,246,223
Charge for the year	217,740	532,834	-	750,574
Impairment charge	1,056,852	750,057	-	1,806,909
At 30 December 2018	<u>3,136,205</u>	<u>8,605,596</u>	<u>61,905</u>	<u>11,803,706</u>
Net book value				
At 30 December 2018	<u>1,207,734</u>	<u>627,733</u>	<u>-</u>	<u>1,835,467</u>
At 31 December 2017	<u>2,482,326</u>	<u>1,808,485</u>	<u>-</u>	<u>4,290,811</u>

Included in land and buildings is £222,362 (2017: £222,362) of land which is not being depreciated.

The directors consider it appropriate to impair the carrying value of the company's tangible assets by £1,980,720 to £1,835,466 given the company has now ceased trading.

14. Stocks

	2018 £	2017 £
Raw materials and consumables	27,447	428,270
Work in progress	7,128	99,283
Finished goods	76,688	802,597
	<u>111,263</u>	<u>1,330,150</u>

There is no significant difference between the replacement cost of stocks and their carrying amounts.

Stocks are stated after provisions for impairment of £nil (2017: £220,549).

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

15. Debtors

	2018 £	2017 £
Trade debtors	6,074,965	6,254,794
Amounts owed by group undertakings	14,869	1,269,215
Other debtors	133,729	145,007
Prepayments and accrued income	186,198	79,157
	<u>6,409,761</u>	<u>7,748,173</u>

Trade debtors are stated after provisions for impairment of £58,364 (2017: £46,364). Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment terms.

16. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	896,662	2,601,279
Amounts owed to group undertakings	20,667,239	13,334,792
Taxation and social security	90,360	19,240
Accruals and deferred income	2,879,784	1,566,346
	<u>24,534,045</u>	<u>17,521,657</u>

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at 1% over the cost of group funding (30 December 2018: 1.4%).

17. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Government grants	-	360,643
	<u>-</u>	<u>360,643</u>

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

18. Deferred taxation

	2018 £	2017 £
At beginning of year	-	(133,532)
(Charged)/credited to profit or loss	(235,313)	133,532
At end of year	(235,313)	-

The deferred taxation balance is made up as follows:

	30 December 2018 £	31 December 2017 £
Accelerated capital allowances	(235,314)	-
Adjustments in respect of prior years	1	-
	(235,313)	-

19. Called up share capital

	2018 £	2017 £
Allocated, called up and fully paid		
200,000 (2017: 200,000) Ordinary shares of £1 each	200,000	200,000

The Edinburgh Salmon Company Ltd

Notes to the financial statements for the year ended 30 December 2018

20. Pension commitments

The company contributes to personal pension arrangements on behalf of certain members of staff. The charge for the year was £55,363 (2017: £33,334). At the year end £12,481 (2017: £7,638) was owed to the pension schemes, which is included in creditors falling due within one year.

21. Controlling party

The company's immediate parent undertaking is Europeenne de la mer.

Thai Union Group Public Company Limited, registered and listed in Thailand, is the company's ultimate parent undertaking, controlling party and the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the company's website at www.thaiunion.com.