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## Meridian Salmon Group Limited

### Directors' Report and Financial Statements

For the year ended 31 December 2018

## **Company Information**

### **Directors**

O Soleide

J Mark

J P McGinley

B Buysse

### **Company Secretary**

Brodies Secretarial Services Limited

### **Registered Number**

SC390172

### **Registered Office**

15 Atholl Crescent

Edinburgh

EH3 8HA

### **Independent Auditor**

Ernst & Young LLP

144 Morrison St

Edinburgh

EH3 8EX

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## Directors' report

For the year ended 31 December 2018

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

### Results and dividends

The Company has continued to act as a Holding Company during the year, and is expected to do so in the future. In the current year, the company has earned interest income from group undertakings and as a result, the profit for the year after taxation amounted to £729,558 (2017 – loss of £3,043). The directors do not recommend a final dividend (2017 – £nil).

### Directors

The directors who served during the year were:

J Mark  
O Soleide  
J P McGinley  
B Buysse

### 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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

### Going concern

The company is dependent on continuing finance being made available by its parent undertaking, Mowi ASA (formerly Marine Harvest ASA), to enable it to continue operating and meet its liabilities as they fall due. The parent undertaking has agreed to provide sufficient funds to the company for these purposes. The directors believe it is therefore appropriate to prepare the financial statements on a going concern basis.

In the event that the parent undertaking is unable to continue its support of the company the going concern basis may be invalid and adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

### Post balance sheet events

There have been no significant events affecting the company since the year end.

### Future Developments

The company will continue to act as a holding company until the group no longer requires it.

### Auditors

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

### Small Companies

The directors have taken advantage of the small companies exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

J Mark  
Director



26/3/19

## Directors' responsibilities statement

For the year ended 31 December 2018

The Directors are responsible for preparing 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102. 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 responsible for keeping proper 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 its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent auditors' report

to the members of Meridian Salmon Group Limited

## Opinion

We have audited the financial statements Meridian Salmon Group Limited for the year ended 31 December 2018 which comprise of the Statement of Income, the Statement of Financial Position, the Statement of changes in Equity, and the related notes 1 to 14, 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 company's affairs as at 31 December 2018 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

# **Independent auditors' report (continued)**

to the members of Meridian Salmon Group Limited

## **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

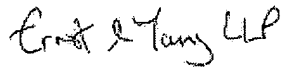
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Independent auditors' report (continued)

to the members of Meridian Salmon Group Limited

## 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.



Paul Copland (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh

Date: 26 September 2019



## Statement of Income

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue		–	–
Cost of sales		–	–
<b>Gross profit</b>		–	–
Administrative expenses		(7,579)	(3,043)
<b>Operating loss</b>	3	(7,579)	(3,043)
<b>Loss before investment income, interest and taxes</b>		(7,579)	(3,043)
Finance Income	4	908,267	–
<b>Profit/(Loss) from continuing activities before taxation</b>		900,689	(3,043)
Income tax charge	6	(171,131)	–
<b>Profit/(Loss) for the financial year</b>		<u>729,558</u>	<u>(3,043)</u>

All items dealt with in the statement of income relate to continuing operations. There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income. Accordingly, no separate statement of total comprehensive income is presented.

The notes on pages 11 to 15 form part of these financial statements.

## Statement of financial position

At 31 December 2018

	Notes	2018 £	2017 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	50,002	50,002
		<u>50,002</u>	<u>50,002</u>
<b>Current assets</b>			
Trade and other receivables	8	51,211,559	50,307,262
Cash and cash equivalents		114	471
		<u>51,211,673</u>	<u>50,307,733</u>
<b>Total assets</b>		<u>51,261,675</u>	<u>50,357,736</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	10	1	1
Retained earnings		51,087,293	50,357,735
<b>Total equity</b>		<u>51,087,294</u>	<u>50,357,736</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	174,381	–
<b>Total liabilities</b>		<u>174,381</u>	<u>–</u>
<b>Total equity and liabilities</b>		<u>51,261,675</u>	<u>50,357,736</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2019.

J Mark  
Director



The notes on pages 11 to 15 form part of these financial statements.

## Statement of changes in Equity

For the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	50,357,735	50,357,736
Profit for the year	-	729,558	729,558
Total comprehensive Income for the year	-	729,558	729,558
At 31 December 2018	<u>1</u>	<u>51,087,293</u>	<u>51,087,294</u>

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1	50,360,778	50,360,779
Loss for the year	-	(3,043)	(3,043)
Total comprehensive Income for the year	-	(3,043)	(3,043)
At 31 December 2017	<u>1</u>	<u>50,357,735</u>	<u>50,357,736</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 1. Accounting policies

#### 1.1 Statement of compliance and basis of preparation of financial statements

Meridian Salmon Group UK Limited is a limited liability company incorporated in Scotland. The Company's registered office is 15 Atholl Crescent, Edinburgh, EH3 8HA.

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with FRS102, the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principle accounting policies, which have been applied consistently throughout the year, are set out below. The financial statements have been prepared in sterling which is the functional currency of the company.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2017. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 13.

#### 1.2 Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MOWI ASA (formerly Marine Harvest ASA) as at 31 December 2018 and these financial statements may be obtained from PO Box 4102, Sandviken, 5835 Bergen, Norway.

#### 1.3 Significant accounting policies

##### Interest income

Interest receivable consists of income from amounts owed by Group undertakings.

##### Valuation of Investments

The company records its investments at historical cost less impairment. The investments are reviewed regularly for signs of impairment. Should there be evidence of impairment, the quantum of that impairment will be assessed by the use of a discounted cash flow analysis of that investment. Any impairment may be reversed in subsequent years but the revised value of the investment will not exceed its historic cost.

##### Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

##### Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### Foreign currency translation

The company's functional and presentational currency is GBP.

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. Non-monetary 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.

## Notes to the financial statements

For the year ended 31 December 2018

### 1 Accounting policies (continued)

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 Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

#### Current and deferred taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted

### 2. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the result of which form the basis of making judgements about carrying values of asset and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Management has not made any material estimates or assumptions that may result in a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year apart from those described below.

### 3. Operating Loss

This is stated after charging:

	2018	2017
	£	£
Auditors' remuneration – audit services	3,000	2,500

## Notes to the financial statements

For the year ended 31 December 2018

### 4. Finance Income

	2018	2017
	£	£
Interest income from group undertakings	908,267	-
	<u>908,267</u>	<u>-</u>

### 5. Directors Remuneration

No emoluments were paid to the directors who served during the year. The directors of the company are also officers of other companies within the Mowi Group. These directors' services to the company do not occupy a significant amount of their time and they are not remunerated by the company. As such these directors do not consider that they receive any remuneration for their incidental services to the company for the years ended 31 December 2018 and 31 December 2017.

The company has no employees other than the directors, who did not receive any remuneration (2017 – NIL).

The directors are employed by another company within the Mowi ASA group and receive remunerations from that company in respect of services to the company. It is not possible to determine the amount of those remunerations that relate to services to the company.

### 6. Taxation

#### (a) Income tax charge/(credit) on ordinary activities

	2018	2017
	£	£
<i>Current tax:</i>		
UK corporation tax charge for the year	171,131	-
Tax charge on ordinary activities	<u>171,131</u>	<u>-</u>

#### (b) Reconciliation of the total income tax charge

The income tax expense in the income statement for the year differs from the standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%). The differences are explained below:

	2018	2017
	£	£
Accounting Profit / (loss) before taxation	900,689	(3,043)
Accounting Profit / (loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	171,131	(586)
Expenses not deductible	-	586
Income tax charge in the income statement	<u>171,131</u>	<u>-</u>

#### (c) Factors that may affect future tax charges

There were no factors that may affect future tax changes.

## Notes to the financial statements

For the year ended 31 December 2018

### 7. Investments

#### *Investment in subsidiary*

	2018	2017
	£	£
Cost	50,002	50,002

*Details of the subsidiary is given below:*

*2018 & 2017*

#### **Meridian Salmon Processing Limited**

Class of shares held	Ordinary
Year-end	31 December
Proportion of ownership interest and voting power held	100%
Activity	Holding company

#### **Meridian Salmon Farms (Argyll) Limited**

Class of shares held	Ordinary
Year-end	31 December
Proportion of ownership interest and voting power held	100%
Activity	Holding company

### 8. Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	51,211,559	50,307,262
	<u>51,211,559</u>	<u>50,307,262</u>

The short term carrying values are considered to be a reasonable approximation of the fair value. The amounts owed by group undertakings bear interest at a rate of LIBOR plus 1.2% margin (2017 – LIBOR minus 0.5%), are unsecured and are repayable on demand.

### 9. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade and other payables	3,250	–
Corporation tax payable	171,131	–
	<u>174,381</u>	<u>–</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 10. Share capital

<i>Allotted, called up and fully paid</i>	<i>2018</i>		<i>2017</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	1	<u>1</u>	1	<u>1</u>

The company has one class of ordinary share which carries no right of fixed income. The holders of ordinary share are entitled to receive dividends as declared are entitled to one vote per share at meetings of the company.

### 11. Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exemption in FRS 102 from disclosing related party transactions with other fellow wholly owned group undertakings.

### 12. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Meridian Salmon Group Limited, a company incorporated in Scotland.

The company's ultimate parent undertaking and controlling party is Mowi ASA (formerly Marine Harvest ASA), a company incorporated in Norway. The smallest and largest group for which group financial statements are drawn up and of which the company is member is Mowi ASA (formerly Marine Harvest ASA). Its registered office and the address from which group financial statements can be obtained is PO Box 4102, Sandviken, 5835, Bergen, Norway.

### 13. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.

### 14. Post Balance Sheet events

There have been no significant events affecting the company since the year end.