

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2015
for
The Scottish Salmon Company Ltd**



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for the Year Ended 31 December 2015**

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The Scottish Salmon Company Ltd

Company Information for the Year Ended 31 December 2015

DIRECTORS:

C Anderson
S Cox
F Larkin

SECRETARY:

Morisons Secretaries Limited

REGISTERED OFFICE:

8 Melville Crescent
Edinburgh
EH3 7JA

REGISTERED NUMBER:

SC107275 (Scotland)

AUDITORS:

Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

**Strategic Report
for the Year Ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

REVIEW OF BUSINESS

In spite of a number of challenges the company has delivered its second best year by revenue, with net operating revenues of £100.4m (2014: £125.9m). The operating profit before interest and tax for the year was £3.1m (2014: profit of £9.7m).

Export performance has remained stable, accounting for 42% of revenues at the end of 2015.

Overall, revenues were impacted by the weak Norwegian Krone compared to Sterling as well as logistical and biological challenges resulting in lower than anticipated harvest volumes. We harvested a total of 25,569 tonnes in 2015, down on 2014 due to the fact that configuration of sites in this year's production cycle were more diverse and disparate.

The industry as a whole has faced a number of biological challenges and we suffered a number of contained incidents during the year. We remain vigilant and continue to refine our proactive husbandry practices.

Total assets at the year end amounted to £125.8m (2014: £117.4m) whilst net assets remained comparable with the previous year, £13.8m (2014: £13.9m).

In our continuing drive for growth, we have made good progress on our site optimisation plan, with the stocking of two new sites at Scadabay and Reibinish in the Hebrides, whilst consent at a new site in Benbecula was also approved. Together these three new sites support the Company's long term strategy to achieve higher harvest volumes and balanced year round production.

We are one of the largest private sector employers in the Western Isles and we take the responsibilities that come with this seriously. Alongside providing skilled careers and training and development opportunities to our employees, we are committed to sourcing locally, retaining value in Scotland and supporting rural prosperity. Findings from an economic impact study carried out by the University of the Highlands and Islands showed we annually purchase around £96m of supplies and services from Scottish companies, estimated to support almost 800 full time jobs.

This year has demonstrated that stable foundations have been put in place enabling the Company to achieve its second highest volume and revenue figures. Our business model and our people linked with our strategy ensure that we cement the Company's reputation as one of Scotland's leading producers of premium salmon.

The results and key performance indicators of the Group, which include those of the company, are discussed further within the Group's annual report (which does not form part of this report). The Directors believe that analysis using key performance indicators for the Company itself is not necessary with full information available in the annual report of The Scottish Salmon Company PLC.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Group's annual report.

The Directors have in place a risk management system which aims to manage and reduce the risks to which the company is exposed.

**Strategic Report
for the Year Ended 31 December 2015**

FINANCIAL INSTRUMENTS

Our financial risk management objectives are to ensure sufficient working capital and cash flow for the Company and to ensure there is sufficient support for the Company's growth strategy. This is achieved through careful management of our cash resources, and by obtaining overdraft and loan finance where necessary. The company also enters into derivative financial instruments to manage its exposure to foreign exchange rate risks using forward exchange contracts.

Further information in respect of financial instruments can be found in the annual report of The Scottish Salmon Company PLC.

**Strategic Report
for the Year Ended 31 December 2015**

EMPLOYEES AND HEALTH & SAFETY

Our people are our greatest asset, their pride and passion are essential ingredients in producing the finest quality salmon. We are committed to their personal development, not only enhancing their skills and knowledge but also retaining this within the industry.

The Company's pioneering staff development programme has been created to meet our current skills requirements, futureproof our business and for staff to realise their own potential. Our aim is to continually grow our skills base and encourage staff to embrace and contribute to new ideas and innovation.

In 2015 we introduced our bespoke Aquaculture Competency Programme for marine and freshwater staff. Incorporating the knowledge and performance criteria essential for marine and freshwater operations, it gives operatives a clear road map for career progression. In addition, it allows new entrants to the Company to fully understand what they will need to learn to advance within the Organisation.

The Company continues to build on its close links with Lantra, the sector skills council for land-based, aquaculture and environmental industries. For the third year running, we were a main sponsor of Lantra's annual awards, as well as being involved in the judging process, cementing our role as a key supporter of young people developing careers in aquaculture. We have a strong track record of encouraging young people into the industry and in 2015 we employed five Modern Apprentices in our marine operations and six at our freshwater sites.

All of the Company's site managers and senior operatives have completed health and safety qualifications and a comprehensive suite of fish health training has been delivered to senior marine operatives by the Biology team.

As the industry continues to change at a rapid pace, the Company has responded proactively with a series of initiatives to improve operational efficiencies across the business. These include technology and scientific research, which are now an integral part of salmon farming. In addition, feed composition, fish health, broodstock and containment are all subject to new developments and innovations that need to be embedded within site operations. Quality control, environmental stewardship and fish welfare also need to be demonstrated and reported at all operational levels.

Members of the management team regularly visit all sites to discuss matters of current interest and concern to the business with members of staff.

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. The Company, as part of its overall policy, gives full and fair consideration to applications for employment from people with disabilities and would actively pursue the retraining of employees who become disabled while employed by the Company.

**Strategic Report
for the Year Ended 31 December 2015**

OUTLOOK

The stocking of two new sites and additional consents gained during 2015 will support stepped development to grow harvesting volumes.

We plan to continue export growth in new markets thanks to the strategy focused on delivering consistent availability, speed to market and enhanced provenance. A broad customer portfolio with long term partnerships and encompassing the US, Far East and Asia, as well as Europe, is key to managing currency risk. With our focus on sustainable business growth, the development of Native Hebridean Salmon provides us with a unique market position and an opportunity for commercial advantage.

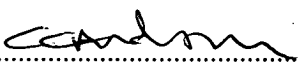
The innovation programme will continue to develop environmentally sustainable production methods, including the introduction of cleaner fish to most operational sites in 2016.

We will continue to invest in our strong foundations in Scotland, our people and the communities in which we operate, to build a sustainable business. Our strategic focus remains on delivering balanced production, building a robust global export business and maintaining strong customer relationships.

FURTHER INFORMATION

Further information in respect of company's results and operations can be found in the annual report of The Scottish Salmon Company PLC.

ON BEHALF OF THE BOARD:


.....

C Anderson - Director

Date: 22 July 2016

**Report of the Directors
for the Year Ended 31 December 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of fish farming.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

C Anderson
S Cox
F Larkin

STRATEGIC REPORT

Please refer to the Strategic Report for a review of the business and details of likely future developments, risks and uncertainties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Directors
for the Year Ended 31 December 2015**

AUDITORS

The auditors, Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'C Anderson', is written over a horizontal dotted line.

C Anderson - Director

Date: 22 July 2016

Report of the Independent Auditors to the Members of The Scottish Salmon Company Ltd

We have audited the financial statements of The Scottish Salmon Company Ltd for the year ended 31 December 2015 on pages ten to thirty one. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
The Scottish Salmon Company Ltd**

Matters on which we are required to report by exception

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

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



Donald Boyd (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 22 July 2016

The Scottish Salmon Company Ltd (Registered number: SC107275)

**Income Statement
for the Year Ended 31 December 2015**

		2015	2014
	Notes	£'000	£'000
TURNOVER	2	100,360	125,923
Changes in stocks		5,373	(6,325)
Raw materials and consumables		<u>(73,208)</u>	<u>(81,175)</u>
		32,525	38,423
Staff costs	3	(14,352)	(13,259)
Depreciation	4	(8,755)	(8,395)
Other operating charges		<u>(6,340)</u>	<u>(7,036)</u>
		<u>(29,447)</u>	<u>(28,690)</u>
OPERATING PROFIT	4	3,078	9,733
Income from shares in group undertakings	9	6,197	-
Gain on financial instruments at fair value		137	-
Interest receivable and similar income		<u>6</u>	<u>12</u>
		<u>6,340</u>	<u>12</u>
		9,418	9,745
Interest payable and similar charges	5	5,417	5,786
Loss on financial instruments at fair value		-	108
Investment impairment	9	<u>4,598</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(597)	3,851
Tax on (loss)/profit on ordinary activities	6	<u>414</u>	<u>(1,232)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(183)</u>	<u>2,619</u>

The Scottish Salmon Company Ltd (Registered number: SC107275)

**Other Comprehensive Income
for the Year Ended 31 December 2015**

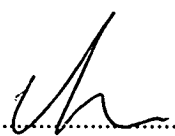
	2015	2014
Notes	£'000	£'000
(LOSS)/PROFIT FOR THE YEAR	(183)	2,619
OTHER COMPREHENSIVE INCOME / (LOSSES)	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(183)</u>	<u>2,619</u>

The Scottish Salmon Company Ltd (Registered number: SC107275)

Balance Sheet
31 December 2015

		2015	2014
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets	7	5,659	5,861
Tangible assets	8	39,243	35,746
Investments	9	<u>60</u>	<u>4,658</u>
		44,962	46,265
CURRENT ASSETS			
Stocks	10	57,620	52,247
Debtors	11	18,722	17,025
Cash at bank and in hand		<u>4,448</u>	<u>1,875</u>
		80,790	71,147
CREDITORS			
Amounts falling due within one year	12	<u>25,258</u>	<u>30,491</u>
NET CURRENT ASSETS		<u>55,532</u>	<u>40,656</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		100,494	86,921
CREDITORS			
Amounts falling due after more than one year	13	(85,939)	(72,256)
PROVISIONS FOR LIABILITIES	17	<u>(795)</u>	<u>(722)</u>
NET ASSETS		<u>13,760</u>	<u>13,943</u>
CAPITAL AND RESERVES			
Called up share capital	18	20,000	20,000
Retained earnings	19	<u>(6,240)</u>	<u>(6,057)</u>
SHAREHOLDERS' FUNDS		<u>13,760</u>	<u>13,943</u>

The financial statements were approved by the Board of Directors on 22 July 2016 and were signed on its behalf by:



 F Larkin - Director

The Scottish Salmon Company Ltd (Registered number: SC107275)

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	20,000	(8,676)	11,324
Changes in equity			
Total comprehensive income	-	2,619	2,619
Balance at 31 December 2014	20,000	(6,057)	13,943
Changes in equity			
Total comprehensive income	-	(183)	(183)
Balance at 31 December 2015	20,000	(6,240)	13,760

**Notes to the Financial Statements
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES

Statement of compliance

The Scottish Salmon Company Limited is a limited liability company incorporated in Scotland. The Registered Office is 8 Melville Crescent, Edinburgh, EH3 7JA.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The company transitioned from UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 27.

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards (as noted above). The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

Going Concern

Subsequent to the year end the Company has refinanced its bank facilities with a secured £55m multi-currency facility with The Bank of Scotland. The Directors are satisfied that the new facilities to be made available will allow the Company to continue its growth strategy. Taking the Company's budget and long term projections into account, the Directors believe that the Company has adequate resources to fund its operational activities and growth strategy for the foreseeable future. As such, the Financial Statements have been prepared on a going concern basis.

Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other financial instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related party transactions paragraph 33.7.

The Scottish Salmon Company PLC is the ultimate parent company whose consolidated financial statements include the results of the company and where the above information is included on a consolidated basis.

Preparation of consolidated financial statements

The financial statements contain information about The Scottish Salmon Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 402 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as all its subsidiary undertakings are dormant and their inclusion is not material for the purposes of giving a true and fair view.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES - continued

Revenue recognition

Turnover

Turnover relates wholly to the principal activity of the company. Turnover is measured at the fair value of the consideration received or receivable and represents amounts for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. If considering all known facts and circumstances, the company is acting as an agent in respect of shipping and handling, amounts billed to customers are offset against the relevant costs.

Sales of goods are recognised when the goods are delivered and title, risks and rewards have passed to the customer.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Negative goodwill

In 2011, the trade and net assets of West Minch Salmon Limited, a 100% subsidiary, were hived up to the company. Negative goodwill arose on this transaction.

West Minch Salmon Limited was acquired as a subsidiary in 2010. Negative goodwill is the amount by which the fair value of separable net assets exceeded the fair value of the consideration. Negative goodwill is amortised over the period in which non-monetary assets are recovered.

Intangible fixed assets – farming licences

Separately acquired licences are shown at historical cost. Licences acquired as part of a business combination are recognised at fair value at the acquisition date. Whilst the Directors consider that licences in Scotland are perpetual as long as operations are run environmentally and with minimal impact on the surrounding area, FRS 102 considers all intangible assets to have a finite useful life. As such, all farming licences are subject to a maximum amortisation period of 10 years.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	4% - 11% Straight line
Long term leasehold property	-	5% - 12.5% Straight line
Sea cages & equipment	-	5% - 33.3% Straight line
Motor vehicles	-	25% Straight line
Nets	-	20% Straight line
Boats	-	11% - 25% Straight line

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

- | | | |
|-------------------|---|--|
| Biological assets | - | Biological assets are measured at cost less accumulated impairment losses. Costs incurred relate to the rearing and on-growing process and include purchase costs on a first in, first out basis, feed, labour and directly related overheads. |
| Other stocks | - | Purchase costs on a first in, first out basis. |

Net realisable value is based on estimated selling price less further costs expected to be incurred to the point of disposal.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Leases that largely transfer rights and obligations to the company (financial leasing) are capitalised as fixed assets, and the financial obligations are entered as other long term debt. Other lease expenses are treated as operational leasing costs and presented as operating expenses within the profit and loss account.

Leased items that are recorded in the Balance sheet are subject to depreciation according to the useful life of the asset and the leasing liabilities are reduced with the leasing fees paid, after deduction of interest.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Cost on acquisition is represented by the consideration given in exchange for control over the identifiable assets and liabilities of the acquired subsidiary. Where this consideration includes contingent consideration, this is included at the fair value of the consideration expected to be paid.

Grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as depreciation on the asset to which the grant relates. Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period. Fair value is determined using an appropriate pricing model. At each balance sheet date, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. Where equity settled transactions relate to shares in the ultimate parent company, the movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in inter-company debt.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance items in the profit and loss. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value less any allowance for credit losses.

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 profit and loss in other operating expenses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value with any gains or losses being reported in the profit and loss. Outstanding derivatives at the balance sheet date are included under the appropriate format heading depending on the nature of the derivative

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES - continued

Estimates and Judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates. The very nature of salmon farming means that the volume of biological assets in the sea at each reporting period is itself an estimate. However, the Company regularly grades and performs sample counts on all sites. Furthermore, all deviations between expected volumes and actual harvests are measured and reviewed. In general, unless there has been significant disease issues causing higher than normal mortality rates or a period of restricted handling, uncertainty levels are typically low.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

2. TURNOVER

The turnover and loss (2014 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2015	2014
	£'000	£'000
United Kingdom	57,844	72,138
Other EC Countries	37,725	45,620
North America	1,711	4,208
Rest of World	<u>3,080</u>	<u>3,957</u>
	<u>100,360</u>	<u>125,923</u>

3. STAFF COSTS

	2015	2014
	£'000	£'000
Wages and salaries	12,613	11,651
Social security costs	1,183	1,098
Other pension costs	<u>556</u>	<u>510</u>
	<u>14,352</u>	<u>13,259</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Farm management and staff	428	415
Office and general management	40	38
Sales staff	<u>4</u>	<u>5</u>
	<u>472</u>	<u>458</u>

Included within wages and salaries is a total expense of share based payments amounting to £52,000 (2014: £nil).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

4. OPERATING PROFIT

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

	2015	2014
	£'000	£'000
Hire of plant and machinery	390	312
Other operating leases	772	690
Depreciation - owned assets	7,735	7,413
Depreciation – held on hire purchase	14	-
Loss on disposal of fixed assets	30	122
Profit on disposal of intangible assets	(1,700)	-
Licences amortisation	1,006	982
Auditors' remuneration	52	52
Auditors' remuneration for other services	20	83
Foreign exchange differences	<u>466</u>	<u>383</u>

Payments amounting to £0.7m (2014: £0.6m) were made in respect of the lease commitments to the Crown Estate.

Payments amounting to £3.8m (2014: £4.1m) were made in respect of the lease of Wellboats.

	2015	2014
	£	£
Directors' remuneration	439,265	348,974
Directors' pension contributions to money purchase schemes	20,469	15,218
Compensation to director for loss of office	<u>-</u>	<u>65,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2015	2014
Money purchase schemes	<u>3</u>	<u>3</u>

Auditors' remuneration for other services is split as follows:

	2015	2014
	£'000	£'000
Other non audit services	<u>20</u>	<u>83</u>
	<u>20</u>	<u>83</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£'000	£'000
Bank interest	1,098	1,837
Other interest	290	297
Group interest payable	<u>4,029</u>	<u>3,652</u>
	<u>5,417</u>	<u>5,786</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2015	2014
	£'000	£'000
Current tax:		
UK corporation tax	(487)	1,073
Deferred tax	<u>73</u>	<u>159</u>
Tax on (loss)/profit on ordinary activities	<u>(414)</u>	<u>1,232</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2015	2014
	£'000	£'000
(Loss)/profit on ordinary activities before tax	<u>(597)</u>	<u>3,851</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	(121)	828
Effects of:		
Expenses not deductible for tax purposes	982	21
Permanent differences	360	378
Income not subject to tax	(1,255)	-
Use of previously unrecognised capital losses	(267)	-
Prior year adjustment	(31)	-
Other adjustments	<u>(82)</u>	<u>5</u>
Total tax charge	<u>(414)</u>	<u>1,232</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

7. INTANGIBLE FIXED ASSETS

	Negative Goodwill £'000	Licences £'000	Totals £'000
COST			
At 1 January 2015	(527)	11,184	10,657
Additions	-	804	804
Disposals	<u>(-)</u>	<u>(445)</u>	<u>(445)</u>
At 31 December 2015	<u>(527)</u>	<u>11,543</u>	<u>11,016</u>
AMORTISATION			
At 1 January 2015	(527)	5,323	4,796
Amortisation for year	-	1,006	1,006
Eliminated on disposal	<u>(-)</u>	<u>(445)</u>	<u>(445)</u>
At 31 December 2015	<u>(527)</u>	<u>5,884</u>	<u>5,357</u>
NET BOOK VALUE			
At 31 December 2015	<u>-</u>	<u>5,659</u>	<u>5,659</u>
At 31 December 2014	<u>-</u>	<u>5,861</u>	<u>5,861</u>

During the year the company exchanged one of its farming licences for a different licence and cash consideration amounting to £1.0m. This resulted in a gain on sale amounting to £1.7m.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

8. TANGIBLE FIXED ASSETS

	Land & buildings £'000	Sea cages & equipment £'000	Plant & machinery £'000
COST			
At 1 January 2015	11,025	51,329	7,863
Additions	-	178	93
Disposals	(-)	(1,924)	(-)
Re-allocations	-	8,151	1,047
At 31 December 2015	<u>11,025</u>	<u>57,734</u>	<u>9,003</u>
DEPRECIATION			
At 1 January 2015	5,922	28,980	4,028
Charge for year	414	5,947	828
Re-allocations	-	(15)	-
Eliminated on disposal	(-)	(1,912)	(-)
At 31 December 2015	<u>6,336</u>	<u>33,000</u>	<u>4,856</u>
NET BOOK VALUE			
At 31 December 2015	<u>4,689</u>	<u>24,734</u>	<u>4,147</u>
At 31 December 2014	<u>5,103</u>	<u>22,349</u>	<u>3,835</u>
	Transport equipment & boats £'000	Other assets £'000	Totals £'000
COST			
At 1 January 2015	6,923	2,302	79,442
Additions	-	11,005	11,276
Disposals	(368)	(-)	(2,292)
Re-allocations	1,302	(10,500)	-
At 31 December 2015	<u>7,857</u>	<u>2,807</u>	<u>88,426</u>
DEPRECIATION			
At 1 January 2015	4,511	255	43,696
Charge for year	484	76	7,749
Re-allocations	15	-	-
Eliminated on disposal	(350)	(-)	(2,262)
At 31 December 2015	<u>4,660</u>	<u>331</u>	<u>49,183</u>
NET BOOK VALUE			
At 31 December 2015	<u>3,197</u>	<u>2,476</u>	<u>39,243</u>
At 31 December 2014	<u>2,412</u>	<u>2,047</u>	<u>35,746</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

8. TANGIBLE FIXED ASSETS - continued

Included within Land & buildings is freehold land of £528,000 which is not depreciated, leasehold property with a net book value of £526,000 and heritable property with a net book value of £3,635,000.

Included within Other assets are assets under construction amounting to £1,871,000 which are not depreciated.

The net book value of assets held under hire purchase contracts amounted to £231,000 (2014: £nil) within Other assets and £79,000 (2014: £nil) within Plant & machinery. The related depreciation charge on these assets for the year was £14,000 (2014: £nil).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2015 and 31 December 2015	4,658
PROVISIONS	
At 1 January 2015	-
Impairments	<u>4,598</u>
At 31 December 2015	<u>4,598</u>
NET BOOK VALUE	
At 31 December 2015	<u>60</u>
At 31 December 2014	<u>4,658</u>

During the year, certain of the company's dormant subsidiaries paid up dividends amounting to £6.2m from their distributable reserves. Following receipt of the dividends, an impairment provision was made accordingly in respect of the related investments.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

9. FIXED ASSET INVESTMENTS - continued

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Company	Class of shares	% held	Country of incorporation	Nature of business
Pieters UK Limited	Ordinary	100%	Scotland	Dormant
Fjord Seafood Scotland Ltd. *	Ordinary	100%	Scotland	Dormant
Highland Fish Farmers Limited	Ordinary	100%	Scotland	Dormant
Kenmore Salmon Farm Limited *	Ordinary	100%	Scotland	Dormant
Loch Ness (Lachs) Limited *	Ordinary	100%	Scotland	Dormant
Portree Salmon Farmers Limited *	Ordinary	100%	Scotland	Dormant
Pulford (Scotland) Limited *	Ordinary	100%	Scotland	Dormant
Scotfish Farms Limited *	Ordinary	100%	Scotland	Dormant
Sea Catch Plc *	Ordinary	100%	Scotland	Dormant
Murray Seafoods Limited	Ordinary	100%	Scotland	Dormant
Minnamurra Limited	Ordinary	100%	Scotland	Dormant
Fjord Seafood Scotland Farming Ltd.*	Ordinary	100%	Scotland	Dormant
Tobson Fish Farms Limited *	Ordinary	100%	Scotland	Dormant
Mull Salmon Limited	Ordinary	100%	Scotland	Dormant
Corrie Mhor Salmon Limited	Ordinary	100%	Scotland	Dormant
West Minch Salmon Limited	Ordinary	100%	Scotland	Dormant
Atlantic West Salmon Company Limited*	Ordinary	100%	Scotland	Dormant
Sidinish Salmon Limited*	Ordinary	100%	Scotland	Dormant
Hebridean Salmon (Scotland) Limited	Ordinary	100%	Scotland	Dormant
Scottish Smoked Salmon Limited	Ordinary	100%	Scotland	Dormant
Hebridean Smoked Salmon Limited	Ordinary	100%	Scotland	Dormant
Hebrides Harvest (Scotland) Limited	Ordinary	100%	Scotland	Dormant
Lighthouse Caledonia Limited	Ordinary	100%	Scotland	Dormant
Loch Fyne Salmon (Scotland) Limited	Ordinary	100%	Scotland	Dormant
Loch Fyne Salmon Limited	Ordinary	100%	Scotland	Dormant
Loch Fyne Smoked Salmon Limited	Ordinary	100%	Scotland	Dormant

* 100% subsidiaries of immediate subsidiaries.

10. STOCKS

	2015	2014
	£'000	£'000
Raw materials	3,401	2,197
Finished goods	111	15
Biological assets	<u>54,108</u>	<u>50,035</u>
	<u>57,620</u>	<u>52,247</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

10. STOCKS - continued

Biological assets are split as follows:

	2015 £'000	2014 £'000
Freshwater (smolt)	3,615	2,400
Seawater (fish at sea)	<u>50,493</u>	<u>47,635</u>
Total biological assets	<u>54,108</u>	<u>50,035</u>

The reconciliation of changes in biological assets is as follows:

	2015 £'000	2014 £'000
Opening biological assets	50,035	56,937
Increases due to purchases and capitalisation of costs	80,693	86,887
Decreases due to harvests	(69,700)	(84,520)
Decreases due to mortalities and culls	(8,135)	(9,050)
Movement in smolt	<u>1,215</u>	<u>(219)</u>
Closing biological assets	<u>54,108</u>	<u>50,035</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Trade debtors	15,175	15,588
Amounts owed by group undertakings	244	106
Other debtors & prepayments	2,242	553
VAT	792	778
Tax	<u>269</u>	<u>-</u>
	<u>18,722</u>	<u>17,025</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Bank loans and overdrafts (see note 14)	4,014	4,013
Other loans (see note 14)	474	474
Hire purchase contracts (see note 15)	108	-
Trade creditors	15,782	11,430
Amounts owed to group undertakings	222	10,266
Tax	-	254
Social security and other taxes	330	316
Other creditors	208	476
Accruals and deferred income	<u>4,120</u>	<u>3,262</u>
	<u>25,258</u>	<u>30,491</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014
	£'000	£'000
Bank loans (see note 14)	41,950	35,745
Other loans (see note 14)	237	711
Hire purchase contracts (see note 15)	152	-
Amounts owed to group undertakings	<u>43,600</u>	<u>35,800</u>
	<u>85,939</u>	<u>72,256</u>

14. LOANS

Bank loan facility

Long term bank loans are the main source of financing for the Company. The Company has the following bank facilities available with DNB Bank ASA:

1. £9.05m Term Loan Facility, a £9m Term Loan Facility, £40m of revolving credit facilities and a £2m overdraft facility. The £9.05m Term Loan Facility is being repaid in half yearly instalments with the final payment due March 2017. The £9m Term Loan Facility is being repaid in quarterly instalments of £500k with the final payment due April 2017;
2. £40m of the £40m revolving credit facility has been drawn down at the end of the period; and
3. £20m of the revolving credit facilities will expire in March 2017 with the remainder expiring March 2019.

In Q4 2015, the company obtained a waiver from DNB Bank ASA in respect of its gearing ratio covenant. The Company believes that all other covenants have been met throughout the year.

Subsequent to the year end the Company has refinanced its banking facilities with the Bank of Scotland. See Note 26 for further details.

Other loan facility

Other loans are repayable over 4 years in bi-annual instalments of £0.24m. The loan carries an interest rate of 3.5% over LIBOR.

15. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2015	2014
	£'000	£'000
Net obligations repayable:		
Within one year	108	-
Between one and five years	<u>152</u>	<u>-</u>
	<u>260</u>	<u>-</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

15. LEASING AGREEMENTS - continued

Minimum rental payment under non-cancellable operating leases

	2015 £'000	2014 £'000
Within one year	5,725	4,932
Between one and five years	7,466	10,102
In more than five years	<u>735</u>	<u>375</u>
	<u>13,926</u>	<u>15,409</u>

In addition to the above, contingent lease payments are payable to the Crown Estate for the lease of the seabed at each sea water site. The amounts payable are contingent on the number of fish harvested. Payments are estimated to be £0.7m for 2016.

The company has no other significant off balance sheet arrangements.

16. SECURED DEBTS

The following secured debts are included within creditors:

	2015 £'000	2014 £'000
Bank loans	45,964	39,758
Other loans	<u>711</u>	<u>1,185</u>
	<u>46,675</u>	<u>40,943</u>

Other loans are secured by 2nd ranked floating charge over the assets of the company.

The bank facilities are secured by bond & floating charge, share pledge over the company's shares and assignation over the company's inter-company loan. This loan is further secured through cross guarantees with parent and fellow subsidiary companies.

The book value of assets held under security is as follows:

	2015 £'000	2014 £'000
Tangible fixed assets and intangibles assets	44,902	41,607
Inventory and biological assets	57,620	52,247
Cash and receivables	<u>4,448</u>	<u>1,875</u>
	<u>106,970</u>	<u>95,729</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

17. PROVISIONS FOR LIABILITIES

	2015 £'000	2014 £'000
Deferred tax	<u>795</u>	<u>722</u>
Balance at 1 January 2015		£'000 722
Other movements		<u>73</u>
Balance at 31 December 2015		<u>795</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2015	2014
Number:	Class:	Nominal value:	£'000	£'000
20,000,000	Ordinary	£1	<u>20,000</u>	<u>20,000</u>

19. RESERVES

	Retained earnings £'000
At 1 January 2015	(6,057)
Total comprehensive (loss) / income	<u>(183)</u>
At 31 December 2015	<u>(6,240)</u>

20. ULTIMATE PARENT COMPANY

The Scottish Salmon Company PLC, a company registered in Jersey, is the ultimate parent company.

Copies of its consolidated financial statements may be obtained from The Scottish Salmon Company PLC, 8 Melville Crescent, Edinburgh, EH3 7JA.

21. CONTINGENT LIABILITIES

In 2010 the Company received EFF and HIE grant funding amounting to £0.523m in connection with the redevelopment of the processing factory at Marybank. The conditions of the grant funding shall continue for a period of between 5 years from the date of last payment of the grant to 10 years from the project completion date. A breach of conditions during this time could require the grant to be repaid.

22. CAPITAL COMMITMENTS

At 31 December 2015, the Company was committed to spending £2.2m in respect of investment in a new site.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

23. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the Company had the following transactions with Scottish Seafood Investments Limited Group, an associate company of The Scottish Salmon Company PLC:

	2015	2014
	£'000	£'000
Revenue	10,800	11,100
Purchases	300	-

At the year end the Company was due £3.1m (2014: £2.9m) from Scottish Seafood Investments Limited Group in trade receivables and £0.1m (2014: £0.1m) in other receivables. The Company holds security over £2.3m of amounts outstanding at the year end.

24. ULTIMATE CONTROLLING PARTY

The Company is under the control of the board of directors of its parent company.

25. OTHER CONTINGENCIES

The legal action raised against Trouw (UK) Limited is ongoing with nothing further to report.

26. POST BALANCE SHEET EVENTS

A waiver was granted by DNB Bank ASA in respect of the Q1 2016 gearing ratio covenant (Net-Interest Bearing Debt to trailing EBITDA exceeded 3.5:1).

On the 3 June 2016, the Company reached an agreement to refinance its bank facilities with a secured GBP £55m multicurrency facility with the Bank of Scotland.

A combination of term loan and asset-based lending (ABL) facilities, the package provides an increased and more flexible funding package to support the Company's objective for growth, as well as accommodating the variability in working capital requirements of the business.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

27. FRS 102 TRANSITION

On transition to FRS 102 from previous UK GAAP, the company has taken advantage of transitional relief as follows:

Business combinations

The group has elected not to apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102. No adjustment has been made to the carrying value of goodwill and intangible assets subsumed within goodwill have not been separately recognised.

Share based payment transactions

The company and group have elected not to apply Section 26 Share based payment to equity instruments granted before the date of transition to FRS 102. FRS 20 has been applied to instruments granted prior to the date of transition.

Investments in subsidiaries

The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

On transition to FRS 102, the following transition changes, accounting policy choices and other adjustments should be noted:

- 1) Foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously foreign exchange contracts were not recognised in the statement of financial position. This has resulted in changes to creditors and retained earnings.
- 2) The company has chosen to adopt a “cost model” policy in respect of its biological assets. This has no change in respect of the reported results of prior periods.
- 3) The company has adopted format 2 in respect of its profit and loss account presented. This change in accounting policy was considered appropriate as it better reflects the layout and categories of the Group financial statements prepared under IFRS. As such, the directors consider that it results in the financial statements providing more reliable and relevant information about the entity’s financial performance which is comparable with the Group financial statements. Furthermore, the company has restated its revenue comparative for 2014 to reallocate amounts billed to customers for shipping and handling costs where the company is acting as agent in this regard. These adjustments have no impact on assets, liabilities, reported profit/ (loss) or retained earnings.
- 4) Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognised on all fair value re-measurements where this has a material impact on the company results. There are no adjustments required on business combinations arising prior to transition.

The Scottish Salmon Company Ltd (Registered number: SC107275)

Reconciliation of Equity

1 January 2014

(Date of Transition to FRS 102)

	Notes	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
FIXED ASSETS				
Intangible assets	7	6,720	-	6,720
Tangible assets	8	34,256	-	34,256
Investments	9	<u>4,658</u>	<u>-</u>	<u>4,658</u>
		<u>45,634</u>	<u>-</u>	<u>45,634</u>
CURRENT ASSETS				
Stocks	10	58,570	-	58,570
Debtors	11	12,216	-	12,216
Cash at bank and in hand		<u>68</u>	<u>-</u>	<u>68</u>
		<u>70,854</u>	<u>-</u>	<u>70,854</u>
CREDITORS				
Amounts falling due within one year	12	<u>(36,053)</u>	<u>(158)</u>	<u>(36,211)</u>
NET CURRENT ASSETS		<u>34,801</u>	<u>(158)</u>	<u>34,643</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		80,435	(158)	80,277
CREDITORS				
Amounts falling due after more than one year	13	(68,302)	-	(68,302)
PROVISIONS FOR LIABILITIES	16	<u>(651)</u>	<u>-</u>	<u>(651)</u>
NET ASSETS		<u>11,482</u>	<u>(158)</u>	<u>11,324</u>
RESERVES				
Called up share capital	17	20,000	-	20,000
Retained earnings	18	<u>(8,518)</u>	<u>(158)</u>	<u>(8,676)</u>
SHAREHOLDERS' FUNDS		<u>11,482</u>	<u>(158)</u>	<u>11,324</u>

Reconciliation of Equity - continued
31 December 2014

	Notes	UK GAAP £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
FIXED ASSETS				
Intangible assets	7	5,861	-	5,861
Tangible assets	8	35,746	-	35,746
Investments	9	<u>4,658</u>	<u>-</u>	<u>4,658</u>
		<u>46,265</u>	<u>-</u>	<u>46,265</u>
CURRENT ASSETS				
Stocks	10	52,247	-	52,247
Debtors	11	17,025	-	17,025
Cash at bank and in hand		<u>1,875</u>	<u>-</u>	<u>1,875</u>
		<u>71,147</u>	<u>-</u>	<u>71,147</u>
CREDITORS				
Amounts falling due within one year	12	<u>(30,225)</u>	<u>(266)</u>	<u>(30,491)</u>
NET CURRENT ASSETS		<u>40,922</u>	<u>(266)</u>	<u>40,656</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		87,187	(266)	86,921
CREDITORS				
Amounts falling due after more than one year	13	(72,256)	-	(72,256)
PROVISIONS FOR LIABILITIES	16	<u>(722)</u>	<u>-</u>	<u>(722)</u>
NET ASSETS		<u>14,209</u>	<u>(266)</u>	<u>13,943</u>
CAPITAL AND RESERVES				
Called up share capital	17	20,000	-	20,000
Retained earnings	18	<u>(5,791)</u>	<u>(266)</u>	<u>(6,057)</u>
SHAREHOLDERS' FUNDS		<u>14,209</u>	<u>(266)</u>	<u>13,943</u>

The Scottish Salmon Company Ltd (Registered number: SC107275)

**Reconciliation of Profit
for the Year Ended 31 December 2014**

	UK GAAP Format 2 £'000	Effect of transition to FRS 102 £'000	FRS 102 £'000
TURNOVER	130,584	(4,611)	125,923
Changes in stocks	(6,325)	-	(6,325)
Raw materials and consumables	<u>(81,175)</u>	<u>-</u>	<u>(81,175)</u>
	43,034	(4,611)	38,423
Staff costs	(13,259)	-	(13,259)
Depreciation	(8,395)	-	(8,395)
Other operating charges	<u>(11,647)</u>	<u>4,611</u>	<u>(7,036)</u>
OPERATING PROFIT	9,733	-	9,733
Interest receivable and similar income	12	-	12
Interest payable and similar charges	(5,786)	-	(5,786)
Loss on financial instruments at fair value	<u>-</u>	<u>(108)</u>	<u>(108)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3,959	(108)	3,851
Tax on profit on ordinary activities	<u>(1,232)</u>	<u>-</u>	<u>(1,232)</u>
PROFIT FOR THE FINANCIAL YEAR	<u>2,727</u>	<u>(108)</u>	<u>2,619</u>
OTHER COMPREHENSIVE (LOSSES) /INCOME	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,727</u>	<u>(108)</u>	<u>2,619</u>