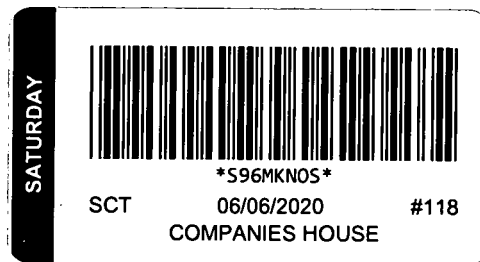


LAESO FISH LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



LAESO FISH LIMITED

COMPANY INFORMATION

Directors	Bjarne Kronborg Gregers Jacobsen George Mackintosh Lasse Pedersen	(Appointed 15 November 2019) (Appointed 15 November 2019) (Appointed 15 November 2019) (Appointed 17 March 2020)
Secretary	MackInnons	
Company number	SC184241	
Registered office	14 Carden Place ABERDEEN AB10 1UR	
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL	

LAESO FISH LIMITED

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LAESO FISH LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The results for the company show a pre-tax loss of £2,257,369 (2018: pre-tax loss of £25,822) for the year and turnover of £18,608,046 (2018: £18,710,417). Gross assets are £10,205,948 (2018: £6,440,803) and equity is (£229,949) against (2018: £2,032,252).

The management find the result extremely unsatisfactory, especially taking the significant increase of the landings of prawns, as mentioned below, into consideration.

The loss in 2019 is mainly attributable to the following reasons:

- A significant decrease in selling prices during 2019, due to:
 1. Massive landings of prawns and scallops;
 2. Because of the very big stocks combined with fear of a hard Brexit with corresponding tariffs on shellfish sold into EU, panic to a certain degree has unfortunately affected selling prices during 2019;
- Due the very massive landings, especially within a few weeks in June to August, we had to bulk-freeze a significant volume of prawns. Doing this is very expensive, especially taking storage costs, labor costs, and not least the waste level occurring when defrosting into consideration;
- Increase in the exchange rate of GBP versus EUR and other currencies, which is a bad combination together with the above-mentioned circumstances;
- Decrease in the sales of items with the best profit (prawns) and increase in sales of the items with the lowest profit (tails and scallops);
- Loss of £600k on tails which have not been frozen correctly during the 8 weeks of huge volumes in July to August;
- Significant increase in the production costs, labor costs, cold store rent, etc.

Principal risks and uncertainties

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

Market and Economic Risks

The key business risks and uncertainties affecting the company are considered to relate to competition from other fish processors, product availability, employee retention and the exchange rate GBP versus EUR.

Liquidity Risks

Management feels that the financial resources of the business are more than sufficient and very secure. In addition to the current available bank facilities, our bank has indicated that they are willing to open up further funds should it be necessary during the main season of the fishing, which actually has been the case this year. The parent company will and has always been willing to transfer the necessary funds to Laeso Fish Limited as and when required during the peak fishing seasons and during periods where large stocks have accumulated.

Financial Risks

The key financial risks to the business are variable interest rates and the non-payment of trade debtors. The company has significant amounts of debt with variable interest rates. We are in continuous discussions with our bank about the level of interest rates charged. Our bank has so far always taken a short- and medium-term view of the business therefore we feel the risk of a significant rise in the variable interest rate is limited.

To mitigate the risks relating to non-receipt of debtors, we have a debtors insurance covering 90% of balances in place. We ask for insurance on all debtors and, where insurance cover isn't possible, we either demand payment in advance or in some cases allow a small unsecured balance. Management feel we do have a very sound and secure system in place to avoid any bad debts and in the past there have been only minimal costs as a result of bad debts.

LAESO FISH LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Exchange Rate Risks

The company is exposed to significant risks relating to changes in the GBP/EUR exchange rate, especially as approximately 80% of the company's sales are invoiced in EUR. To mitigate this risk the company uses derivative financial instruments, mainly forward contracts. Management are in constant talks with our advisors on a daily/weekly basis to discuss the currency strategy.

The policy of the company when it comes to using financial instruments is, that these are only allowed to be used to manage risk and not for speculative purposes.

Key performance indicators

The key performance indicators the directors monitor are turnover, operating profit and profit before tax:

	2019	2018	2017
Turnover	18,608,046	18,710,417	21,037,074
(Loss)/profit before tax	(2,257,369)	(25,822)	142,976
Gross assets	10,205,948	6,440,803	7,653,192
Equity	(229,949)	2,032,252	2,062,770

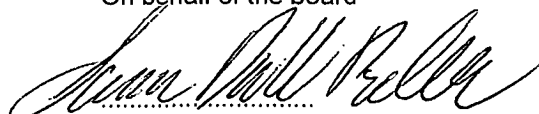
Future developments

Due to the significant increase in landings in 2019, the increase in the stock of prawns, and competitors selling stock at very low prices with low or even no profit, we expect that 2020 will be a very difficult year for our business in Peterhead.

Some other key factors will also have a large, and at the moment uncertain effect, not only on our business but on the whole sector in the UK and the rest of the world. The key factors are outlined below:

- The increase of the landings of prawns everywhere in the UK means not only our business, but also our competitors, have very high stock levels and we must presume, that everyone will try to decrease their stock during the year and before Brexit at the year end of 2020. Of course this massive sell-off, like in 2019, can lead to very low selling prices.
- Brexit: the UK will leave the EU on 31 December 2020. There remains significant uncertainty over whether the UK will be able to get an agreement with EU about duties and tariffs for goods crossing the border into and out of the EU, as well as the associated customs checks. There is also uncertainty about how foreign exchange markets will react and around freedom of movement of people which could affect our staffing.
- The long-term impact of the Covid-19 (Coronavirus) pandemic is incalculable at the moment and everyone can see that it will have significant influence on the economy, not only in the UK but also the rest of the world, and it is of great concern to us all. In the short-term, sales have more or less stopped 100% in late March and April and employees are getting paid less or, in some cases, no salary, which causes very difficult times for our business. We must expect, that some of our customers, especially in Southern Europe to ask for postponement of payments and we will have to be very careful about credit and sales in the future.
- The long-term impact depends on how long lockdown and other social distancing measures remain.

On behalf of the board



Lasse Pedersen
Director

12.05.2020

LAESO FISH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the processing and sale of fish.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Svend Ole Larsen	(Resigned 1 April 2020)
Bjarne Krønborg	(Appointed 15 November 2019)
Gregers Jacobsen	(Appointed 15 November 2019)
George Mackintosh	(Appointed 15 November 2019)
Lasse Pedersen	(Appointed 17 March 2020)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial instruments and future developments

Details of financial instruments and future developments can be found in the Strategic Report and form part of this report by cross-reference.

On behalf of the board



Lasse Pedersen
Director

Date: 12.05.2020

LAESO FISH LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LAESO FISH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LAESO FISH LIMITED

Opinion

We have audited the financial statements of Laeso Fish Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company's current banking facilities are due to expire on 1 July 2020. As stated in note 1.2, recent conversations with the bank have indicated that these facilities will be renewed however this is not guaranteed therefore this, along with other matters as set out in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LAESO FISH LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF LAESO FISH LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

LAESO FISH LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF LAESO FISH LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Solomon Taylor (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

12 May 2020

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

LAESO FISH LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	18,608,046	18,710,417
Cost of sales		(18,274,899)	(16,144,378)
Gross profit		<u>333,147</u>	<u>2,566,039</u>
Distribution costs		(1,126,352)	(917,349)
Administrative expenses		(1,378,349)	(1,605,026)
Other operating income		59,988	59,988
Operating (loss)/profit	4	<u>(2,111,566)</u>	<u>103,652</u>
Interest payable and similar expenses	7	(145,803)	(129,474)
Loss before taxation		<u>(2,257,369)</u>	<u>(25,822)</u>
Tax on loss	8	(4,832)	(4,696)
Loss for the financial year		<u><u>(2,262,201)</u></u>	<u><u>(30,518)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

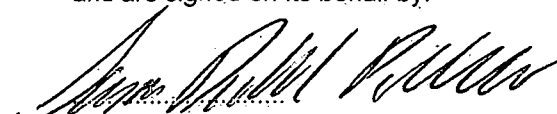
LAESO FISH LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,232,362		1,309,744
Current assets					
Stocks	11	5,592,867		2,001,140	
Debtors	12	3,286,402		3,032,368	
Cash at bank and in hand		94,317		97,551	
			8,973,586		5,131,059
Creditors: amounts falling due within one year	13	(10,215,615)		(4,128,281)	
Net current (liabilities)/assets			(1,242,029)		1,002,778
Total assets less current liabilities			(9,667)		2,312,522
Creditors: amounts falling due after more than one year	14		(220,282)		(280,270)
Net (liabilities)/assets			(229,949)		2,032,252
Capital and reserves					
Called up share capital	19		300,000		300,000
Share premium account			1,150,000		1,150,000
Profit and loss reserves			(1,679,949)		582,252
Total equity			(229,949)		2,032,252

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

 19.05.2020
 Lasse Pedersen
 Director

Company Registration No. SC184241

LAESO FISH LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018	300,000	1,150,000	612,770	2,062,770
Year ended 31 December 2018: Loss and total comprehensive expenditure for the year	-	-	(30,518)	(30,518)
Balance at 31 December 2018	300,000	1,150,000	582,252	2,032,252
Year ended 31 December 2019: Loss and total comprehensive expenditure for the year	-	-	(2,262,201)	(2,262,201)
Balance at 31 December 2019	<u>300,000</u>	<u>1,150,000</u>	<u>(1,679,949)</u>	<u>(229,949)</u>

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Laeso Fish Limited is a private company limited by shares incorporated in Scotland. The registered office is 14 Carden Place, ABERDEEN, AB10 1UR. The company's place of business is Damhead Circle, PETERHEAD, AB42 3GX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound (£).

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The Company qualifies to use the Reduced Disclosure Framework under paragraphs 1.08 to 1.13 of FRS 102 and has claimed exemptions as follows:

- Section 7 Statement of Cash Flows; and
- Section 33 paragraph 33.7 relating to the disclosure of key management personnel compensation.

The company's results are included in the consolidated financial statements of A/S Laeso Fiskeindustri, the parent company, which are intended to show a true and fair view. Copies of the consolidated financial statements can be obtained from A/S Laeso Fiskeindustri, Osterby Havn, Denmark.

1.2 Going concern

The company has made a loss of £2,262,201 for the year ended 31 December 2019 due to the circumstances described in the strategic report and has net liabilities of £229,949 at the balance sheet date. Since the balance sheet date, the company has also been affected significantly by the coronavirus pandemic, with production and sales falling close to zero since lockdown measures were implemented in the UK and in the company's key markets in continental Europe in March. However, having prepared sensitised cash flow forecasts taking account of reduced sales volumes, the directors are confident that support from the parent company and government schemes, along with reductions in certain costs, will allow the company to remain within its available banking facilities for a period of at least twelve months from the approval of these financial statements. The banking facilities have a renewal date of 1 July 2020 and recent conversations with the bank have indicated that the facilities will be renewed, although this is not guaranteed. Therefore, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents net sales of processed fish, excluding value added tax and is recognised in the financial statements when the company has received the right to consideration. The company obtains the right to consideration on the despatch of the goods.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	- 4% on cost
Plant and machinery	- 10%-33% on cost
Fixtures, fittings & equipment	- 20% on cost
Motor vehicles	- 25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated using the retail method at estimated selling price less costs to complete and sell, less margin. This is an approximate measure of cost. 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.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial assets

Other financial assets, forward foreign exchange contracts, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit and loss.

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit and loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically 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.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock valuation and impairment

The valuation of processed stock is estimated using the retail method whereby a margin is subtracted from selling prices to reach cost. Management exercise judgement in estimating the selling prices and any related impairment, as well as the appropriate margins to subtract from selling prices.

Depreciation and deferred income

Depreciation is provided based on the estimated useful economic life of assets, which is a judgement exercised by management. Grant income is taken to profit and loss in line with the depreciation of the assets to which the grant relates.

Going concern

The going concern assessment, together with associated assumptions, is a judgement exercised by management. This assessment is summarised in note 1.2.

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover analysed by class of business		
Sale of goods	18,608,046	18,710,417
	<u> </u>	<u> </u>
	2019	2018
	£	£
Other significant revenue		
Grants received	59,988	59,988
	<u> </u>	<u> </u>

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3	Turnover and other revenue	(Continued)	
		2019	2018
		£	£
	Turnover analysed by geographical market		
	United Kingdom	2,222,634	2,635,998
	European Union	16,385,412	16,074,419
		<u>18,608,046</u>	<u>18,710,417</u>

4	Operating (loss)/profit	2019	2018
		£	£
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Exchange (gains)/losses	(294,088)	68,607
	Government grants	(59,988)	(59,988)
	Fees payable to the company's auditor for the audit of the company's financial statements	18,300	18,300
	Depreciation of owned tangible fixed assets	283,374	248,819
	Profit on disposal of tangible fixed assets	(2,300)	(3,200)
	Operating lease charges	9,129	6,566
		<u>9,129</u>	<u>6,566</u>

5 Employees

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

	2019	2018
	Number	Number
Production staff	54	56
Administrative staff	4	4
	<u>58</u>	<u>60</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,460,444	1,342,246
Social security costs	133,389	116,436
Pension costs	37,166	22,749
	<u>1,630,999</u>	<u>1,481,431</u>

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Director's remuneration

The company's parent company, A/S Laeso Fiskeindustri, paid salaries to the directors holding office during the year. The directors believe that it is impractical to apportion these costs.

7 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	97,841	87,101
Interest payable to group undertakings	47,962	42,373
	<u>145,803</u>	<u>129,474</u>

8 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	6,855
Adjustments in respect of prior periods	(6,891)	36
Total current tax	<u>(6,891)</u>	<u>6,891</u>
Deferred tax		
Origination and reversal of timing differences	<u>11,723</u>	<u>(2,195)</u>
Total tax charge	<u>4,832</u>	<u>4,696</u>

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Taxation

(Continued)

The (credit)/charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2019 £	2018 £
Loss before taxation	(2,257,369)	(25,822)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(428,900)	(4,906)
Tax effect of expenses that are not deductible in determining taxable profit	1,909	2,092
Adjustments in respect of prior years	(6,891)	36
Other permanent differences	29	-
Adjust deferred tax to average rate	43,255	258
Other fixed asset differences	9,185	7,216
Deferred tax asset not recognised	379,390	-
Tax losses carried back	6,855	-
Taxation charge for the year	4,832	4,696

9 Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2019	1,668,682	2,472,932	55,010	120,287	4,316,911
Additions	-	204,942	-	1,050	205,992
Disposals	-	(9,950)	-	-	(9,950)
At 31 December 2019	1,668,682	2,667,924	55,010	121,337	4,512,953
Depreciation and impairment					
At 1 January 2019	795,152	2,092,567	55,010	64,438	3,007,167
Depreciation charged in the year	66,749	196,669	-	19,956	283,374
Eliminated in respect of disposals	-	(9,950)	-	-	(9,950)
At 31 December 2019	861,901	2,279,286	55,010	84,394	3,280,591
Carrying amount					
At 31 December 2019	806,781	388,638	-	36,943	1,232,362
At 31 December 2018	873,530	380,365	-	55,849	1,309,744

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,840,609	2,830,947
Instruments measured at fair value through profit or loss	188,809	-
	<u>2,840,609</u>	<u>2,830,947</u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	10,971
Measured at amortised cost	10,126,588	4,010,679
	<u>10,126,588</u>	<u>4,010,679</u>

Sales are predominantly denominated in euros and are not receivable immediately. Trade debtor balances are therefore subject to exchange rate fluctuations and the company enters into forward exchange contracts to hedge against this risk. Hedge accounting is not used.

At the year end, the company had contracts in place to buy £4,459,446 (2018 - £5,078,274) for €5,000,000 (2018 - €5,653,534) with maturity dates within 5 months (2018 - 5 months) of the year end.

The fair value of forward contracts is measured using market data.

11 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	5,592,867	2,001,140
	<u>5,592,867</u>	<u>2,001,140</u>

12 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	2,840,609	2,830,947
Corporation tax recoverable	6,891	-
Derivative financial instruments	188,809	-
Other debtors	214,026	154,099
Prepayments and accrued income	21,636	21,168
	<u>3,271,971</u>	<u>3,006,214</u>
Deferred tax asset (note 16)	14,431	26,154
	<u>3,286,402</u>	<u>3,032,368</u>

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	15	4,008,996	2,545,246
Trade creditors		971,250	512,900
Amounts owed to group undertakings		5,031,457	856,978
Corporation tax		-	6,891
Other taxation and social security		29,039	39,752
Derivative financial instruments		-	10,971
Government grants	17	59,988	59,988
Other creditors		4,035	2,725
Accruals and deferred income		110,850	92,830
		<u>10,215,615</u>	<u>4,128,281</u>

14 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Government grants	17	<u>220,282</u>	<u>280,270</u>

15 Loans and overdrafts

	2019 £	2018 £
Bank overdrafts	<u>4,008,996</u>	<u>2,545,246</u>
Payable within one year	<u>4,008,996</u>	<u>2,545,246</u>

The company's bankers hold standard security and a floating charge over all the assets of the company. The company's bankers also hold a guarantee from the parent company and the parent company holds a guarantee from Laeso Fish Limited against all company debts. The total amount of debt that is secured is £11,890,519 (2018 - £5,381,500).

16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
Balances:		
Decelerated capital allowances	<u>14,431</u>	<u>26,154</u>

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16	Deferred taxation	(Continued)	
			2019
	Movements in the year:		£
	Asset at 1 January 2019		(26,154)
	Charge to profit or loss		11,723
	Asset at 31 December 2019		<u>(14,431)</u>

17	Government grants	2019	2018
		£	£
	Arising from government grants	280,270	340,258
		<u>280,270</u>	<u>340,258</u>
	Deferred Government grants are included in the financial statements as follows:		
	Current liabilities	59,988	59,988
	Non-current liabilities	220,282	280,270
		<u>280,270</u>	<u>340,258</u>

18	Retirement benefit schemes	2019	2018
	Defined contribution schemes	£	£
	Charge to profit or loss in respect of defined contribution schemes	37,166	22,749
		<u>37,166</u>	<u>22,749</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19	Share capital	2019	2018
		£	£
	Ordinary share capital		
	Issued and fully paid		
	300,000 Ordinary Shares of £1 each	300,000	300,000
		<u>300,000</u>	<u>300,000</u>

The company has one class of ordinary shares which carry a right to vote and no right to fixed income.

LAESO FISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Financial commitments, guarantees and contingent liabilities

At 31 December 2019 the Company's bankers held the following guarantees in favour of the Company's suppliers:

£250,000 in favour of The Fraserburgh Fishsalesmen's Association.

£80,000 in favour of Peterhead Fishsalesmen's Association.

£50,000 in favour of Denholm Fishselling Limited.

21 Events after the reporting date

Since the balance sheet date, the Covid-19 pandemic has had a significant impact on the turnover of the company. Further details are provided in the going concern section of accounting policies.

22 Related party transactions

Transactions with related parties

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

	Consultancy and travel fees	
	2019	2018
	£	£
Key management personnel	12,108	-

The company has not provided or received any guarantees other than those disclosed in notes 15 and 20.

The company has taken advantage of the exemption available under FRS 102 paragraph 33.1A not to disclose transactions with companies wholly owned within the group.

23 Ultimate controlling party

The ultimate parent company is A/S Laeso Fiskeindustri, a company registered in Denmark. Copies of the financial statements can be obtained from A/S Laeso Fiskeindustri, Osterby Havn, Denmark.

There is no party with ultimate control through their shareholding in the parent company.