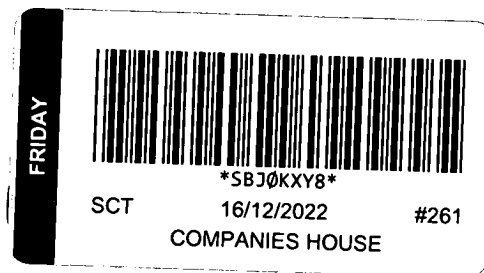




**LOCH DUART LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



# LOCH DUART LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J Goerke S Maguire M Warrington R Leslie C Orr
<b>Secretary</b>	S Maguire
<b>Company number</b>	SC195923
<b>Registered office</b>	Floor 3 1 West Regent Street Glasgow G2 1RW
<b>Auditor</b>	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

# LOCH DUART LIMITED

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# LOCH DUART LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present the strategic report and financial statements for the year ended 31 March 2022.

### **Fair review of the business**

The group operates throughout Scotland. The results for the year are set out on page 9 and the directors are pleased to report a profit for the year of £1,525,935 as recovery from the impact of the COVID pandemic allowed the resumption of company's focus on export markets and the food service sector, both of which sectors were hit by worldwide lockdowns.

Salmon prices, generally, rose as producers, customers and supply chains began recover from that disruptive period. The group, as it did in the previous year, continued to view the pandemic as a short term difficulty and so continued to implement its strategic plans.

The group has achieved this whilst maintaining its industry leading standards of fish welfare, environmental stewardship, community engagement and exceptional product quality. That plan is consistent with the company's commitment to quality, innovation and improvement of farming methods which, in return, improve fish welfare and environmental sustainability.

### **SCOTLAND**

The group has continued to invest in Research and Development to improve various areas of aquaculture farming, although at lower levels than prior years due to the trading conditions. The changing nature of the biological and weather challenges prevalent in Scotland coupled with the company's attitude to improvement and developing best practice bring innovation and help maintain the company's record of sustainable quality and superior taste.

During the year, the group continued its significant investment in farming infrastructure and people development in support of its refined farming strategy. One aspect of that concluded after the year end, with the acquisition of a number of fish farm sites from Scottish Sea Farms. No fish or tangible assets, other than housing, were involved in that acquisition and the group will work to bring those sites into production in the near term.

### **CANADA**

Efforts to explore the potential for reopening Canadian operations continue, but any such possibility is not yet predictable in timing or scale. The company retains the licences to operate.

### **Key performance indicators**

The group monitors turnover and profit as the key financial KPIs of the business. Turnover has increased to £40.6M from £31.2M in 2021 and profit for the year is £1.5M against a loss in 2021 of £3.1M. The group's financial performance is influenced by movement of non-financial KPIs. These are predominantly production metrics around fish survival, growth, feed conversion rates and production volume.

# LOCH DUART LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### Principal risks and uncertainties

The group exports a significant percentage of its production and is therefore exposed to exchange rate movements. The group seeks to manage those risks via appropriate treasury management.

The geographic diversification spreads the group over many locations, sales markets and health & welfare issues. The ongoing pursuit of this diversification would normally reduce the operational, and hence financial, risk faced by the business.


The group has historically enjoyed good prices and been resilient to the more extreme market movements but remains exposed to price volatility around issues of supply in the wider market and changing consumer behaviour as adjustment to post-COVID 19 conditions. Given the ongoing challenges in the market and the potential volatility of both sales prices and input costs, management continues to monitor the implications for liquidity and cashflow. Operating cashflow has been sufficient to meet day to day operating obligations. However, developing the group's strategic plans has required and will require investor support. The company has a letter of support in place from the investor to allow the group to meet its obligations as they fall due.

Risks in relation to fish health and mortality levels are inevitable in aquaculture, but the group considers its husbandry and welfare practices are capable of minimising such risks to the extent that they can be addressed. The changing climate, with recent warm dry summers, has changed the underlying risk levels and will require innovation in farming practice to cope.

On behalf of the board

15 / 12 / 2022

.....  
S Maguire  
Director

Date:  .....

# LOCH DUART LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their annual report and financial statements for the year ended 31 March 2022.

### Principal activities

The principal activity of the group and company is that of salmon farming in the North West of Scotland. The business and its brand are built on a foundation of providing whole gutted fish to trade outlets in a variety of countries. The majority of sales are therefore export.

### Directors

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

J Goerke

S Maguire

M Warrington

R Leslie

(Appointed 29 September 2021)

C Orr

(Appointed 29 September 2021)

### Results and dividends

The results for the year are set out on page 9.

No ordinary or preference dividends were paid or proposed.

### 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 auditor of the company 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 auditor of the company is aware of that information.

### Environment and welfare

The welfare of both staff and fish are crucial to the company both for the quality of the product and the sustainability of the business. These are areas of differentiation on which the company was founded and which influence every area of operation. As well as being accredited to ISO 14001, the company is also accredited to several other quality schemes, details of which are available on the company's website at [www.lochduart.com](http://www.lochduart.com).

On behalf of the board



.....  
S Maguire

Director 15 / 12 / 2022

Date: .....

# **LOCH DUART LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2022***

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

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

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

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

# LOCH DUART LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCH DUART LIMITED

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### Opinion

We have audited the financial statements of Loch Duart Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise Group Profit and Loss Account, Group Statement of Comprehensive Income, Group Balance Sheet, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### 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.



# LOCH DUART LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LOCH DUART LIMITED

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### **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.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor 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.

# LOCH DUART LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LOCH DUART LIMITED

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#### *Extent to which the audit is considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP/FRS102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns, external inspections and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Enquiring of those charged with governance for any breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

# LOCH DUART LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LOCH DUART LIMITED

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### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

 Johnston Carmichael LLP

**Grant Roger (Senior Statutory Auditor)**  
For and on behalf of Johnston Carmichael LLP

Date: 15 / 12 / 2022

**Chartered Accountants**  
**Statutory Auditor**

7-11 Melville Street  
Edinburgh  
EH3 7PE

# LOCH DUART LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	40,593,995	31,249,582
Cost of sales		(28,687,363)	(27,149,181)
<b>Gross profit</b>		11,906,632	4,100,401
Administrative expenses		(10,244,693)	(7,685,713)
Other operating income		147,431	173,548
<b>Operating profit/(loss)</b>	<b>4</b>	1,809,370	(3,411,764)
Interest receivable and similar income	<b>8</b>	2,332	-
Interest payable and similar expenses	<b>9</b>	(123,527)	(122,892)
Write-off on disposal of investment		-	(1)
<b>Profit/(loss) before taxation</b>		1,688,175	(3,534,657)
Tax on profit/(loss)	<b>10</b>	(162,240)	402,492
<b>Profit/(loss) for the financial year</b>	<b>25</b>	1,525,935	(3,132,165)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

# LOCH DUART LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

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	2022 £	2021 £
Profit/(loss) for the year	1,525,935	(3,132,165)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>1,525,935</u>	<u>(3,132,165)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# LOCH DUART LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		1,880,201		1,836,308
Tangible assets	12		18,154,232		17,748,316
			<u>20,034,433</u>		<u>19,584,624</u>
<b>Current assets</b>					
Stocks	15	15,723,602		14,787,811	
Debtors	16	6,073,427		5,334,800	
Cash at bank and in hand		2,805,219		1,851,355	
		<u>24,602,248</u>		<u>21,973,966</u>	
<b>Creditors: amounts falling due within one year</b>	17	(10,195,017)		(9,553,294)	
<b>Net current assets</b>			14,407,231		12,420,672
<b>Total assets less current liabilities</b>			<u>34,441,664</u>		<u>32,005,296</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(2,499,922)		(3,109,252)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	1,234,883		-	
		<u>(1,234,883)</u>		<u>-</u>	
<b>Net assets</b>			<u>30,706,859</u>		<u>28,896,044</u>
<b>Capital and reserves</b>					
Called up share capital	24		3,957		3,922
Share premium account	25		13,818,741		13,818,426
Revaluation reserve	25		665,513		665,513
Capital redemption reserve	25		6,418,560		6,418,560
Other reserves	25		(53,609)		(338,139)
Profit and loss reserves	25		9,853,697		8,327,762
			<u>30,706,859</u>		<u>28,896,044</u>

The financial statements were approved by the board of directors and authorised for issue on 15/12/2022 and are signed on its behalf by:



S Maguire  
Director

# LOCH DUART LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		1,880,201		1,836,308
Tangible assets	12		18,154,232		17,748,316
Investments	13		15		15
			<u>20,034,448</u>		<u>19,584,639</u>
<b>Current assets</b>					
Stocks	15	15,723,602		14,787,811	
Debtors	16	6,064,955		5,334,558	
Cash at bank and in hand		2,799,634		1,847,412	
		<u>24,588,191</u>		<u>21,969,781</u>	
<b>Creditors: amounts falling due within one year</b>	17	(10,194,712)		(9,512,679)	
<b>Net current assets</b>			<u>14,393,479</u>		<u>12,457,102</u>
<b>Total assets less current liabilities</b>			<u>34,427,927</u>		<u>32,041,741</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(2,472,255)		(3,089,580)
<b>Provisions for liabilities</b>	21		(1,234,883)		-
<b>Net assets</b>			<u>30,720,789</u>		<u>28,952,161</u>
<b>Capital and reserves</b>					
Called up share capital	24		3,957		3,922
Share premium account	25		13,818,741		13,818,426
Revaluation reserve	25		665,513		665,513
Capital redemption reserve	25		6,418,560		6,418,560
Profit and loss reserves	25		9,814,018		8,045,740
<b>Total equity</b>			<u>30,720,789</u>		<u>28,952,161</u>

# LOCH DUART LIMITED


## COMPANY BALANCE SHEET (CONTINUED)

**AS AT 31 MARCH 2022**

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As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,768,278 (2021 - £3,066,288 loss).

The financial statements were approved by the board of directors and authorised for issue on 15 / 12 / 2022 and are signed on its behalf by:



.....  
S Maguire  
Director

**Company Registration No. SC195923**



**LOCH DUART LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£	£
<b>Balance at 1 April 2020</b>	2,982	4,818,916	665,513	6,418,560	(378,298)	11,459,927	22,987,600
<b>Year ended 31 March 2021:</b>							
Loss and total comprehensive income for the year	-	-	-	-	-	(3,132,165)	(3,132,165)
Issue of share capital	24	940	8,999,510	-	-	-	9,000,450
Foreign currency exchange movements	-	-	-	-	40,159	-	40,159
<b>Balance at 31 March 2021</b>	3,922	13,818,426	665,513	6,418,560	(338,139)	8,327,762	28,896,044
<b>Year ended 31 March 2022:</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	1,525,935	1,525,935
Issue of share capital	24	35	315	-	-	-	350
Foreign currency exchange movements	-	-	-	-	284,530	-	284,530
<b>Balance at 31 March 2022</b>	3,957	13,818,741	665,513	6,418,560	(53,609)	9,853,697	30,706,859

**LOCH DUART LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 April 2020</b>	2,982	4,818,916	665,513	6,418,560	11,112,028	23,017,999
<b>Year ended 31 March 2021:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(3,066,288)	(3,066,288)
Issue of share capital	24 940	8,999,510	-	-	-	9,000,450
<b>Balance at 31 March 2021</b>	3,922	13,818,426	665,513	6,418,560	8,045,740	28,952,161
<b>Year ended 31 March 2022:</b>						
Profit and total comprehensive income for the year	-	-	-	-	1,768,278	1,768,278
Issue of share capital	24 35	315	-	-	-	350
<b>Balance at 31 March 2022</b>	3,957	13,818,741	665,513	6,418,560	9,814,018	30,720,789

# LOCH DUART LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	31	5,359,575		(5,111,688)	
Interest paid		(123,527)		(122,892)	
Income taxes refunded/(paid)		274,646		(28,406)	
		<u>5,510,694</u>		<u>(5,262,986)</u>	
<b>Net cash inflow/(outflow) from operating activities</b>					
<b>Investing activities</b>					
Purchase of intangible assets		(43,893)		(47,821)	
Purchase of tangible fixed assets		(2,777,113)		(4,336,692)	
Proceeds on disposal of tangible fixed assets		141,711		8,295	
Stock depreciation capitalised		333,250		267,708	
Proceeds on disposal of investments		-		(1)	
Interest received		2,332		-	
		<u>(2,343,713)</u>		<u>(4,108,511)</u>	
<b>Net cash used in investing activities</b>					
<b>Financing activities</b>					
Proceeds from issue of shares		350		9,000,450	
Repayment of borrowings		(2,502)		(55,309)	
Repayment/(proceeds) of bank loans		(69,171)		694,470	
Payment of finance leases obligations		(1,184,367)		(928,885)	
		<u>(1,255,690)</u>		<u>8,710,726</u>	
<b>Net cash (used in)/generated from financing activities</b>					
<b>Net increase/(decrease) in cash and cash equivalents</b>					
		1,911,291		(660,771)	
Cash and cash equivalents at beginning of year		(863,620)		(202,849)	
		<u>1,047,671</u>		<u>(863,620)</u>	
<b>Cash and cash equivalents at end of year</b>					
<b>Relating to:</b>					
Cash at bank and in hand		2,805,219		1,851,355	
Bank overdrafts included in creditors payable within one year		(1,757,548)		(2,714,975)	

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

#### Company information

Loch Duart Limited ("the company") is a private company limited by shares domiciled and incorporated in Scotland. The registered office is Floor 3, 1 West Regent Street, Glasgow, G2 1RW.

The group consists of Loch Duart Limited and all of its subsidiaries.

#### 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 £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of Loch Duart Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

The Group made a profit of £1.5m for the year following a loss of £3.1M made in the prior year.

The Group has prepared cash flow projections to March 2030. The Group has continued to invest in its strategic plans with the support of its investors, with significant sea site acquisitions being made post year end as detailed in note 28. Having obtained shareholder confirmation of ongoing support for strategic activities, projections indicate that the Group is expected to retain adequate levels of cash headroom based on normal operating assumptions and continued creditable fish performance.

These projections are dependent upon the assumptions used, the most significant of which are:

1. Fish mortality – the group anticipates mortality will be within recently experienced ranges
2. Fish growth – growth performance consistent with the current year is projected across all sites
3. Fish Health – stock rotation, husbandry and treatment strategies are projected to continue to allow this risk to be managed and as a result allow fish to be harvested to market demand
4. Price – price assumptions are based on prices consistent with current market value. If market prices were to remain higher than forecast this would represent upside to the Group, with any fall in sale price or increase in consumable costs representing a downside.

Having considered the above projections, the directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Sales are recognised when goods are despatched.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years. Provision is made for any impairment when identified.

##### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

Sea site leases and associated rights are capitalised at cost. The lease granted is for an indefinite period. As the sea sites are integral to the Group's operations, the useful economic life related to the sea site lease has also been reasonably estimated to be indefinite. They are however reviewed annually for impairment.

FRS102 prevents these being carried at any value above cost because the volume of sale transactions is insufficient to qualify as an active market for revaluation purposes. With the difficulty and cost of acquiring new sites being high, the directors are however satisfied that there is significant value attached to these assets over and above their cost value.

##### 1.7 Tangible fixed assets

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

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold	50 years
Leasehold improvements	3 - 25 years
Plant and machinery	2 - 20 years
Motor vehicles	3 - 5 years

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 recognised in the profit and loss account.

##### 1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

##### 1.10 Stocks

Stock is valued at the lower of cost and net realisable value with due allowance being made for estimated stock losses due to weather, predation and disease. Cost includes fish purchases, feed, direct labour and all other costs directly associated with the rearing of fish.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

##### 1.11 Cash at bank and in hand

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

##### 1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets 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, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **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 group 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.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

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

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.13 Equity instruments

Equity instruments issued by the group 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 group.

#### 1.14 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. The deferred tax asset and/or liability balance has not been discounted.

#### 1.15 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.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

The company makes contributions to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable.

#### 1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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.



# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.18 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.

Grants received through the government furlough scheme are recognised in the Profit and Loss Account, within operating income, in the same period as the payroll costs.

#### 1.19 Foreign exchange

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. The resulting profits or losses are dealt with in the profit and loss account.

The accounts of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange rate difference arising on the retranslation of opening net assets is taken directly to reserves.

### 2 Judgements and key sources of estimation uncertainty

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 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 estimates

The following estimates have had the most significant effect on amounts recognised in the financial statements.

#### Stock valuation

The Group values stock on the basis of costs incurred in growing the fish remaining in the water at the balance sheet date. Although a review is made at that point to ensure the carrying value of stock is not greater than the likely eventual sale value, the volatility of market volumes and prices affect the future accuracy of that calculation. With almost all such fish requiring the application of additional cost before they reach market weight, a judgement must be made of the likely future cost to reach market. That is done in detail as part of the budget process for the following year.

#### Depreciation

The company assumes a relatively conservative set of asset lives and recognises depreciation on a straight line basis as the intention is to use any asset over its full life. As a result, net book value may be overstated early in the asset life and understated later in life. The company continues to operate with many assets recorded at nil net book value but which continue to contribute to the company's operation.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 3 Turnover and other revenue

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

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	40,593,995	31,249,582
	<u>                    </u>	<u>                    </u>
	2022	2021
	£	£
<b>Other significant revenue</b>		
Rental income	6,195	-
Grants received	120,503	136,133
JRS income	20,733	37,415
	<u>                    </u>	<u>                    </u>

In the opinion of the directors it would be seriously prejudicial to the group's interests to disclose the geographical analysis of turnover.

#### 4 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	242,343	55,194
Government grants	(141,236)	(177,459)
Depreciation of owned tangible fixed assets	2,659,331	2,202,874
Depreciation of tangible fixed assets held under finance leases	660,869	493,460
Profit on disposal of tangible fixed assets	(47,380)	(2,551)
Operating lease charges	579,052	473,818
	<u>                    </u>	<u>                    </u>

£333,250 of depreciation charged in the year is included in the year end stock valuation (2021: £267,708).

#### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	28,750	27,250
	<u>                    </u>	<u>                    </u>
<b>For other services</b>		
Taxation compliance services	6,250	5,900
Other taxation services	850	850
	<u>                    </u>	<u>                    </u>
	7,100	6,750
	<u>                    </u>	<u>                    </u>

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 6 Employees

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

	<b>Group 2022 Number</b>	<b>2021 Number</b>	<b>Company 2022 Number</b>	<b>2021 Number</b>
Management	4	4	4	4
Operations	15	15	15	15
Administration	161	110	161	110
	<u>180</u>	<u>129</u>	<u>180</u>	<u>129</u>

Their aggregate remuneration comprised:

	<b>Group 2022 £</b>	<b>2021 £</b>	<b>Company 2022 £</b>	<b>2021 £</b>
Wages and salaries	5,845,510	4,104,759	5,845,510	4,104,759
Social security costs	519,745	378,401	519,745	378,401
Pension costs	176,550	106,543	176,550	106,543
	<u>6,541,805</u>	<u>4,589,703</u>	<u>6,541,805</u>	<u>4,589,703</u>

### 7 Directors' remuneration

	<b>2022 £</b>	<b>2021 £</b>
Remuneration for qualifying services	769,473	524,543
Company pension contributions to defined contribution schemes	44,395	45,550
	<u>813,868</u>	<u>570,093</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2022 £</b>	<b>2021 £</b>
Remuneration for qualifying services	151,737	284,889
Company pension contributions to defined contribution schemes	12,473	14,504
	<u>164,210</u>	<u>299,393</u>

### 8 Interest receivable and similar income

	<b>2022 £</b>	<b>2021 £</b>
<b>Interest income</b>		
Interest on bank deposits	2,332	-
	<u>2,332</u>	<u>-</u>

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	19,798	16,812
Interest on finance leases and hire purchase contracts	103,729	105,686
Other interest	-	394
Total finance costs	<u>123,527</u>	<u>122,892</u>

### 10 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	<u>1,132</u>	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	161,108	-
Other adjustments	-	(402,492)
Total deferred tax	<u>161,108</u>	<u>(402,492)</u>
Total tax charge/(credit)	<u>162,240</u>	<u>(402,492)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit/(loss) before taxation	<u>1,688,175</u>	<u>(3,534,657)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	320,753	(671,585)
Tax effect of expenses that are not deductible in determining taxable profit	63,898	19,978
Gains not taxable	-	34,192
Research and development tax credit	-	7,120
Other permanent differences	3,806	139
Under/(over) provided in prior years	1,132	-
Timing differences not recognised	(105,247)	(2,140)
Deferred tax not recognised	(160,768)	209,804
Utilisation of losses brought forward	38,666	-
Taxation charge/(credit)	<u>162,240</u>	<u>(402,492)</u>

A change in the future UK corporation tax rate was announced in the March 2021 budget. The rate will increase to 25% with effect from 1 April 2023. This change had been substantively enacted at the year end date and therefore deferred tax is calculated at 25%.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 11 Intangible fixed assets

<b>Group</b>	<b>Goodwill</b>	<b>Sea sites</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2021	223,755	2,982,132	3,205,887
Additions - separately acquired	-	43,893	43,893
	<u>223,755</u>	<u>3,026,025</u>	<u>3,249,780</u>
At 31 March 2022	223,755	3,026,025	3,249,780
<b>Amortisation and impairment</b>			
At 1 April 2021 and 31 March 2022	223,755	1,145,824	1,369,579
	<u>223,755</u>	<u>1,145,824</u>	<u>1,369,579</u>
<b>Carrying amount</b>			
At 31 March 2022	-	1,880,201	1,880,201
	<u>-</u>	<u>1,880,201</u>	<u>1,880,201</u>
At 31 March 2021	-	1,836,308	1,836,308
	<u>-</u>	<u>1,836,308</u>	<u>1,836,308</u>
<b>Company</b>	<b>Goodwill</b>	<b>Sea sites</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2021	223,755	1,958,377	2,182,132
Additions - separately acquired	-	43,893	43,893
	<u>223,755</u>	<u>2,002,270</u>	<u>2,226,025</u>
At 31 March 2022	223,755	2,002,270	2,226,025
<b>Amortisation and impairment</b>			
At 1 April 2021 and 31 March 2022	223,755	122,069	345,824
	<u>223,755</u>	<u>122,069</u>	<u>345,824</u>
<b>Carrying amount</b>			
At 31 March 2022	-	1,880,201	1,880,201
	<u>-</u>	<u>1,880,201</u>	<u>1,880,201</u>
At 31 March 2021	-	1,836,308	1,836,308
	<u>-</u>	<u>1,836,308</u>	<u>1,836,308</u>

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 12 Tangible fixed assets

Group	Land and buildings freehold	Leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 April 2021	2,708,362	1,197,633	31,225,903	645,039	35,776,937
Additions	9,547	37,785	3,562,113	44,005	3,653,450
Disposals	-	-	(2,098,077)	(35,747)	(2,133,824)
Exchange adjustments	18,050	-	52,843	1,108	72,001
At 31 March 2022	2,735,959	1,235,418	32,742,782	654,405	37,368,564
<b>Depreciation and impairment</b>					
At 1 April 2021	375,997	416,693	16,743,998	491,933	18,028,621
Depreciation charged in the year	-	98,949	2,968,969	85,285	3,153,203
Eliminated in respect of disposals	-	-	(2,003,746)	(35,747)	(2,039,493)
Exchange adjustments	18,050	-	52,843	1,108	72,001
At 31 March 2022	394,047	515,642	17,762,064	542,579	19,214,332
<b>Carrying amount</b>					
At 31 March 2022	2,341,912	719,776	14,980,718	111,826	18,154,232
At 31 March 2021	2,332,365	780,940	14,481,905	153,106	17,748,316
<b>Company</b>					
	Land and buildings freehold	Leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 April 2021	2,384,381	1,197,633	30,277,404	625,157	34,484,575
Additions	9,547	37,785	3,562,113	44,005	3,653,450
Disposals	-	-	(2,098,077)	(35,747)	(2,133,824)
At 31 March 2022	2,393,928	1,235,418	31,741,440	633,415	36,004,201
<b>Depreciation and impairment</b>					
At 1 April 2021	52,016	416,693	15,795,499	472,051	16,736,259
Depreciation charged in the year	-	98,949	2,968,969	85,285	3,153,203
Eliminated in respect of disposals	-	-	(2,003,746)	(35,747)	(2,039,493)
At 31 March 2022	52,016	515,642	16,760,722	521,589	17,849,969
<b>Carrying amount</b>					
At 31 March 2022	2,341,912	719,776	14,980,718	111,826	18,154,232
At 31 March 2021	2,332,365	780,940	14,481,905	153,106	17,748,316

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and machinery	7,330,982	5,893,601	7,330,982	5,893,601
Depreciation charge for the year in respect of leased assets	660,869	493,460	660,869	493,460

Land and buildings with a carrying amount of £877,424 were revalued at 4 November 2015 by Graham & Sibbald, independent valuers not connected with the company, on the basis of market value. The valuation conforms to RICS Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The below details the cost, accumulated depreciation and carrying value of assets held under hire purchase agreements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Cost	879,019	879,019	879,019	879,019
Accumulated depreciation	(268,026)	(250,446)	(268,026)	(250,446)
Carrying value	610,993	628,573	610,993	628,573

#### 13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	15	15

#### Movements in fixed asset investments

Company	Shares in subsidiaries £
<b>Cost or valuation</b> At 1 April 2021 and 31 March 2022	15
<b>Carrying amount</b> At 31 March 2022	15
At 31 March 2021	15

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Atlantic Sea Smolt Inc*	Canada	Ordinary	-	100.00
Snow Island Salmon Inc	Canada	Ordinary	100.00	-
The Sustainable Food Company Limited	Scotland	Ordinary	100.00	-
The Sustainable Salmon Company Limited	Scotland	Ordinary	100.00	-

\* Investment held directly by Snow Island Salmon Inc

### 15 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	1,267,094	759,385	1,267,094	759,385
Finished goods and goods for resale	14,456,508	14,028,426	14,456,508	14,028,426
	<u>15,723,602</u>	<u>14,787,811</u>	<u>15,723,602</u>	<u>14,787,811</u>

#### Reconciliation of fish stocks

Opening fish stocks at 1 April 2021	14,028,426
Purchases and capitalisation of costs	22,988,588
Decreases due to harvests	(17,371,805)
Decreases due to other changes	(5,188,701)
Closing fish stocks at 31 March 2022	<u>14,456,508</u>

### 16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	4,426,393	4,171,752	4,426,393	4,171,752
Corporation tax recoverable	-	275,778	-	275,778
Other debtors	319,380	763,728	310,908	763,173
Prepayments and accrued income	253,879	123,542	253,879	123,855
	<u>4,999,652</u>	<u>5,334,800</u>	<u>4,991,180</u>	<u>5,334,558</u>
Deferred tax asset (note 21)	1,073,775	-	1,073,775	-
	<u>6,073,427</u>	<u>5,334,800</u>	<u>6,064,955</u>	<u>5,334,558</u>



# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	1,825,048	2,782,475	1,825,048	2,782,475
Obligations under finance leases	20	1,112,860	1,085,669	1,112,860	1,085,669
Other borrowings	19	-	10,497	-	-
Trade creditors		5,368,816	4,303,609	5,368,816	4,303,446
Other taxation and social security		151,098	102,449	151,098	102,449
Deferred income	22	209,014	116,585	209,014	116,585
Other creditors		195,000	195,000	195,000	195,000
Accruals and deferred income		1,333,181	957,010	1,332,876	927,055
		<u>10,195,017</u>	<u>9,553,294</u>	<u>10,194,712</u>	<u>9,512,679</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	507,172	576,343	507,172	576,343
Obligations under finance leases	20	1,881,038	2,216,259	1,881,038	2,216,259
Other borrowings	19	27,667	19,672	-	-
Deferred income	22	84,045	296,978	84,045	296,978
		<u>2,499,922</u>	<u>3,109,252</u>	<u>2,472,255</u>	<u>3,089,580</u>

### 19 Loans and overdrafts

		Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans		574,672	643,843	574,672	643,843
Bank overdrafts		1,757,548	2,714,975	1,757,548	2,714,975
Other loans		27,667	30,169	-	-
		<u>2,359,887</u>	<u>3,388,987</u>	<u>2,332,220</u>	<u>3,358,818</u>
Payable within one year		1,825,048	2,792,972	1,825,048	2,782,475
Payable after one year		534,839	596,015	507,172	576,343

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 19 Loans and overdrafts

(Continued)

Other loans above includes shareholder loans, which are unsecured and bear no interest and mature between 2024 and 2026.

The HSBC Bank plc and HSBC Invoice Finance (UK) Limited hold a floating charge over the assets of the group and parent company.

The various properties owned by the parent company are subject to a standard security in favour of HSBC Bank plc.

In addition, Eksport Kreditt Norge AS hold a bond and floating charge.

The above securities are subject to a ranking agreement.

A cross guarantee is in place between the parent company and its subsidiary undertakings.

#### 20 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	1,112,860	1,052,864	1,112,860	1,052,864
In two to five years	1,881,038	2,249,064	1,881,038	2,249,064
	<u>2,993,898</u>	<u>3,301,928</u>	<u>2,993,898</u>	<u>3,301,928</u>

#### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	1,149,872	-	-	-
Tax losses	-	-	1,063,536	-
Revaluations	85,011	-	-	-
Short term timing differences	-	-	10,239	-
	<u>1,234,883</u>	<u>-</u>	<u>1,073,775</u>	<u>-</u>

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 21 Deferred taxation

(Continued)

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Company</b>				
Accelerated capital allowances	1,149,872	-	-	-
Tax losses	-	-	1,063,536	-
Revaluations	85,011	-	-	-
Short term timing differences	-	-	10,239	-
	<u>1,234,883</u>	<u>-</u>	<u>1,073,775</u>	<u>-</u>
			<b>Group 2022 £</b>	<b>Company 2022 £</b>
<b>Movements in the year:</b>				
Asset at 1 April 2021			-	-
Charge to profit or loss			161,108	161,108
Liability at 31 March 2022			<u>161,108</u>	<u>161,108</u>

The deferred tax liability from the prior year was reversed within the 12 months as expected and related to accelerated capital allowances. As at the year end we have a deferred tax asset of £210k not recognised.

### 22 Deferred income

	Group 2022 £	2021 £	Company 2022 £	2021 £
Arising from Government Grants	293,059	413,563	293,059	413,563

Deferred income is included in the financial statements as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Current liabilities	209,014	116,585	209,014	116,585
Non-current liabilities	84,045	296,978	84,045	296,978
	<u>293,059</u>	<u>413,563</u>	<u>293,059</u>	<u>413,563</u>

### 23 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	167,868	106,543

Defined contribution pension schemes are operated for all qualifying employees. The assets of the schemes are held separately from those of the group in an independently administered fund.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 24 Share capital

	Group and company	
	2022	2021
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,876,257 Ordinary shares of £0.001 each	3,877	3,877
80,000 (2021: 45,000) Growth Shares of £0.001 each	80	45
	<u>3,957</u>	<u>3,922</u>

On 3 January 2022 35,000 £0.001 Growth Shares were issued at a premium of £315. Growth shares have no voting or dividend rights.

### 25 Reserves

#### Share premium

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

#### Revaluation reserve

This reserve records the revaluation of assets in excess of historic cost.

#### Capital redemption reserve

This reserves represents the premium at which investors converted convertible debt into a capital contribution through the issuance of preference shares.

#### Other Reserves

Contained within Other Reserves is the foreign currency translation reserve and the convertible loan note reserve. The foreign currency translation reserve arises on consolidation of subsidiaries with functional currencies different to that of the Group's functional and presentational currency, pounds sterling. The convertible loan note reserve represents the equity component of the loan at initial issue less transfers to retained earnings in respect of this component using the effective interest rate method. On conversion of these loan notes in the year the full remaining reserve related to these loans has been transferred to the profit and loss reserve.

### 26 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	366,956	793,900	366,956	793,900
Between two and five years	1,014,829	1,156,779	1,014,829	1,156,779
In over five years	1,752,752	680,768	1,752,752	680,768
	<u>3,134,537</u>	<u>2,631,447</u>	<u>3,134,537</u>	<u>2,631,447</u>

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Acquisition of tangible fixed assets	1,751,572	223,267	1,751,572	223,267

### 28 Events after the reporting date

During September 2022 407,554 £0.001 Ordinary shares were issued for a total consideration of £4.1m.

Post year end the group acquired a number of fish farm sites as a strategic acquisition.

### 29 Related party transactions

#### Transactions with related parties

During the year, the company rented land and buildings for £53,900 (2021: £53,900) from Scourie Estate which is jointly owned by a former director and shareholder, and other members of his family.

Simon Maguire was a director of Scottish Salmon Scotland Limited and Andrew Bing was a director of Scottish Quality Salmon Limited as the company's representatives in those two bodies. The company pays volume related levies to those industry bodies, as does every other member. The company had no other transactions with Scottish Quality Salmon Limited and Scottish Salmon Scotland Limited beyond membership levies. The amounts paid in the year were £115,093 (2021: £120,998).

### 30 Controlling party

The ultimate controlling party is SAF II Master Fund 1, LP a limited partnership incorporated in the United States.

# LOCH DUART LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 31 Cash generated from/(absorbed by) group operations

	2022 £	2021 £
Profit/(loss) for the year after tax	1,525,935	(3,132,165)
<b>Adjustments for:</b>		
Taxation charged/(credited)	162,240	(402,492)
Finance costs	123,527	122,892
Investment income	(2,332)	-
Gain on disposal of tangible fixed assets	(47,380)	(2,551)
Depreciation and impairment of tangible fixed assets	3,153,203	2,964,042
Capitalised depreciation	(333,250)	(267,708)
Foreign exchange gains on cash equivalents	284,530	40,159
Other gains and losses	-	1
<b>Movements in working capital:</b>		
Increase in stocks	(935,791)	(2,164,417)
Decrease/(increase) in debtors	59,370	(1,846,327)
Increase/(decrease) in creditors	1,490,027	(276,929)
Decrease in deferred income	(120,504)	(146,193)
<b>Cash generated from/(absorbed by) operations</b>	<u>5,359,575</u>	<u>(5,111,688)</u>

#### 32 Analysis of changes in net debt - group

	1 April 2021 £	Cash flows £	New finance leases £	31 March 2022 £
Cash at bank and in hand	1,851,355	953,864	-	2,805,219
Bank overdrafts	(2,714,975)	957,427	-	(1,757,548)
	<u>(863,620)</u>	<u>1,911,291</u>	<u>-</u>	<u>1,047,671</u>
Borrowings excluding overdrafts	(674,012)	71,673	-	(602,339)
Obligations under finance leases	(3,301,928)	1,184,367	(876,337)	(2,993,898)
	<u>(4,839,560)</u>	<u>3,167,331</u>	<u>(876,337)</u>	<u>(2,548,566)</u>