

Registered number: 03031916

SEAFOOD TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017

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SEAFOOD TRADING LIMITED

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SEAFOOD TRADING LIMITED

COMPANY INFORMATION

Directors	C R Stein J Stein N J McLeod
Company secretary	N J McLeod
Registered number	03031916
Registered office	Seafood Restaurant Riverside Padstow Cornwall PL28 8BY
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Princess Court 23 Princess Street Plymouth PL1 2EX
Bankers	Barclays Bank Plc 14 King Street Truro Cornwall TR1 2RB

SEAFOOD TRADING LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 1 JANUARY 2017

The Directors present the Strategic Report of Seafood Trading Limited (the "Company") for the 53 week period ended 1 January 2017.

Business review and future developments

Trading

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

Turnover was £17.1m (2015: £16.0m) which was a 6.7% increase on the previous year. Gross margins were up 0.9% on last year at 72.9% (2015: 72.0%) due to strong stock control. The profit before interest and tax was £525k, and EBITDA was £1,027k (2015: £1,042k).

Wages costs were up 15% to £7.5m (2015: £6.5m) with a wages:sales ratio of 44.2% (2015: 40.9%).

Capital expenditure was £1,122k (2015: £880k) with the main items being the completion of Ruby's bar next to St Petrocs, refurbishment of our hotel rooms, a new warehouse at St. Columb, and a new head office at St. Eval.

Trade creditor days at the balance sheet date were 30 days (2015: 48 days).

There are no significant post balance sheet events.

The company continues to actively seek future investment opportunities that will increase EBITDA.

Bank facility

In September 2016 the company consolidated its 2 loans with Barclays Bank into one revolving credit facility of £6.5m with a £1.0m overdraft in order to support the future growth of the business. The total bank loan at the balance sheet date was £6.5m (2015: £4.44m).

Current trading

The Directors are satisfied with the trading results for the first 20 weeks of 2017 with like-for-like sales at £4.9m, up 3% on budget and 6% on last period.

Principal risks and uncertainties

The key business risks and uncertainties facing the Company are:

- Economic conditions and consumer confidence in the UK - the impact of Brexit and the continuing pressure on consumer discretionary spend;
- Competition from other hospitality providers;
- People – being able to retain a strong executive team and recruit and retain local managers, chefs and employees with the right skills and experience;
- Supply chain - being able to obtain fresh and quality produce for our restaurants without delays;
- Seasonality of the business - pressure on cash flows and staffing considerations;
- Cost pressures on food, beverages, wages and overheads;
- Cyber/IT security; and
- Regulation - Business rate revaluations, Apprenticeship Levy and increasing Auto enrolment costs.

SEAFOOD TRADING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2017

Key performance indicators

The Directors and Executives receive a wide range of management information for each trading unit on a weekly basis including comparatives against budget and the previous period. The principal measures that are reviewed and managed are:

- Turnover;
- Gross profit margin;
- Wages/sales margin;
- Restaurants - average spend per head;
- Hotel rooms - occupancy ratio and average room rate;
- Cost of sales variance reports comparing actual gross profit to forecast gross profit for each site;
- Overhead costs - purchasing managers and weekly reporting help to control this cost more effectively;
- Cash flow forecasting - rolling 12 month forecasts are prepared, which are updated each week and reviewed monthly by the directors;
- Customer feedback - instant using ResDiary, Silent Customer, NPS (Net Promoter Score);
- Staff retention - focus to reduce staff turnover; and
- Staff Engagement surveys.

All potential capital projects are subjected to Net Present Value investment appraisal techniques which are stress tested to ensure that informed investment decisions can be taken.

This report was approved by the board on *1 June 2017* and signed on its behalf by:

N J McLeod

N J McLeod
Director

SEAFOOD TRADING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 1 JANUARY 2017

The Directors present their annual report and the audited financial statements of Seafood Trading Limited (the "company") for the 53 week period ended 1 January 2017.

Principal activity

The principal activities of the Company are the operation of restaurants, hotels, retail outlets, a cookery school and an internal production unit, which given their inter-related nature, the Directors consider to be one business.

These financial statements cover a 53 week period beginning on 28 December 2015 and ending on 1 January 2017. The comparative accounting period began on 29 December 2014 and ended on 27 December 2015. The periods are referred to throughout this directors' report as simply "2016" and "2015".

Results and dividends

The profit for the financial period amounted to £403,000 (2015: £379,000).

Dividends declared and paid during the year were £240,000, equivalent to £1.78 per share (2015: £150,000, equivalent to £1.11 per share). The directors do not recommend the payment of a final dividend.

Charitable donations

During the year, the company made charitable donations of £5,173 (2015: £8,798).

Directors

The Directors who served during the period and up to the date of signing the financial statements were:

C R Stein
J Stein
N J McLeod

Future developments

The future developments of the Company are discussed within the Business Review section of the Strategic Report on page 2.

Employees

The Company is one of the largest private sector employers in Cornwall, the average number of full time equivalent employees for the period was 298 (2015: 282).

Employee engagement

The Company is committed to the involvement of all employees in the business. Managers are measured closely on the company's performance targets and are incentivised with profit related bonus schemes. Performance information is shared throughout the teams.

Employment of disabled persons

The Company considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the company continues.

Equal opportunities

The Company is an equal opportunities employer. Its policy is to ensure that all employees are treated with the same respect and consideration regarding sex, age, colour, disability, nationality, or ethnic origin. The Company's policy is to provide training, career development and opportunities for promotion.

SEAFOOD TRADING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2017.

Financial risk management

There is little credit risk as credit sales form a very small percentage of total sales. The company has policies in place that require appropriate credit checks on new potential customers and active credit control procedures.

With regards to liquidity risk, the Company actively manages cash and prepares rolling cash flow forecasts covering the next 12 months. The Company maintains an appropriate level of cash and bank facility funding in order to settle all financial obligations as they fall due and to meet planned activities.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

SEAFOOD TRADING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JANUARY 2017**

This report was approved by the board on *1 June 2017*

and signed on its behalf by:

NJ McLeod

N J McLeod
Director

SEAFOOD TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAFOOD TRADING LIMITED

Report on the financial statements

Our opinion

In our opinion, Seafood Trading Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 1 January 2017 and of its profit for the 53 week period (the "period") 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 1 January 2017;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

SEAFOOD TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAFOOD TRADING LIMITED

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

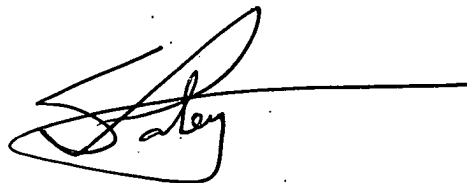
- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Stephen Patey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth



Date: 16 June 2017

SEAFOOD TRADING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017

	Note	2016 £000	2015 £000
Turnover	4	17,053	15,976
Cost of sales		(4,613)	(4,474)
Gross profit		12,440	11,502
Administrative expenses		(11,915)	(10,939)
Operating profit	5	525	563
Interest receivable and similar income	9	223	94
Interest payable and similar charges	10	(202)	(164)
Profit on ordinary activities before taxation		546	493
Tax on profit on ordinary activities	11	(143)	(114)
Profit for the financial period		403	379
Total comprehensive income for the financial period		403	379

SEAFOOD TRADING LIMITED
REGISTERED NUMBER: 03031916

BALANCE SHEET
AS AT 1 JANUARY 2017

	Note	1 January 2017 £000	27 December 2015 £000
Fixed assets			
Intangible assets	13	46	52
Tangible assets	14	3,560	2,934
		<u>3,606</u>	<u>2,986</u>
Current assets			
Stocks	15	662	575
Debtors	16	13,945	12,658
Cash at bank and in hand	17	13	628
		<u>14,620</u>	<u>13,861</u>
Creditors: amounts falling due within one year	18	(3,698)	(4,778)
Net current assets		<u>10,922</u>	<u>9,083</u>
Total assets less current liabilities		<u>14,528</u>	<u>12,069</u>
Creditors: amounts falling due after more than one year	19	(6,500)	(4,195)
Provisions for liabilities			
Deferred taxation	21	(138)	(147)
Net assets		<u>7,890</u>	<u>7,727</u>
Capital and reserves			
Called up share capital	22	135	135
Profit and loss account	23	7,755	7,592
Total shareholders' funds		<u>7,890</u>	<u>7,727</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
1 June 2017 by:

N J McLeod

N J McLeod
 Director

J Stein

J Stein
 Director

The notes on pages 12 to 27 form part of these financial statements.

SEAFOOD TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 29 December 2014	135	7,363	7,498
Comprehensive income for the financial period			
Profit for the financial period	-	379	379
Total comprehensive income for the financial period	-	379	379
Contributions by and distributions to owners			
Dividends: Equity capital	-	(150)	(150)
Total transactions with owners	-	(150)	(150)
At 28 December 2015 and 27 December 2015	135	7,592	7,727
Comprehensive income for the financial period			
Profit for the financial period	-	403	403
Total comprehensive income for the financial period	-	403	403
Contributions by and distributions to owners			
Dividends: Equity capital	-	(240)	(240)
Total transactions with owners	-	(240)	(240)
At 1 January 2017	135	7,755	7,890

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

1. General information

The principal activity of Seafood Trading Limited (the "company") is that of the operation of restaurants, hotels, retail outlets, a cookery school and an internal production unit, which given their inter-related nature, the Directors consider to be one business.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Seafood Restaurant, Riverside, Padstow, Cornwall, PL28 8BY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the period:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Seafood Restaurant (Padstow) Limited as at 1 January 2017 and these financial statements may be obtained from Seafood Restaurant, Riverside, Padstow, Cornwall, PL28 8BY.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2017**

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis and charged to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Leasehold land and buildings	- Reducing balance over the term of the lease
Motor vehicles	- 25% straight line
Fixtures, fittings and equipment	- 10% - 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

2. Accounting policies (continued)

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administration expenses'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

2. Accounting policies (continued)

2.15 Pensions

The Company operates a defined contribution pension scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the period they are payable.

As at 1 January 2017, there is a pensions liability of £12,370 (2015: £12,449).

Defined contribution pension plan

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

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

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates.

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

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements.

Review of inventories held at the year end

The Directors consider whether any slow moving or obsolete stocks are held and include a provision where required.

Depreciation policy

The Directors calculate expected useful lives of tangible assets based on fixed asset class and their experience and generally accepted best practice.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible assets	496	473
Amortisation of intangible assets, including goodwill	6	6
Operating lease rentals	416	368
	<u>416</u>	<u>368</u>

6. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the company's auditors for the audit of the company's annual financial statements	25	27
	<u>25</u>	<u>27</u>
Fees payable to the company's auditors in respect of:		
Taxation compliance services	5	6
All other services	2	2
	<u>7</u>	<u>8</u>

7. Employees

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

	2016 £000	2015 £000
Wages and salaries	6,995	6,064
Social security costs	491	436
Other pension costs	47	42
	<u>7,533</u>	<u>6,542</u>

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

	2016 Number	2015 Number
Restaurant	177	169
Hotel	22	21
Retail	22	20
School	7	5
Production unit	15	14
Administration	55	53
	<u>298</u>	<u>282</u>

SEAFOOD TRADING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2017****8. Directors' remuneration**

	2016 £000	2015 £000
Aggregate directors' emoluments	433	494
Company contributions to defined contribution pension schemes	-	6
	433	500

During the period retirement benefits were accruing to no Directors (2015: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £216,000 (2015: £212,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2015: £nil).

9. Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from associate companies	223	93
Other interest receivable	-	1

10. Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts	195	155
On Directors' loans	7	9
	202	164

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

11. Tax on profit on ordinary activities

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the period	149	59
Adjustments in respect of previous periods	3	-
Total current tax	<u>152</u>	<u>59</u>
Deferred tax		
Origination and reversal of timing differences	8	56
Changes to tax rates	(25)	(1)
Adjustment in respect of previous periods	8	-
Total deferred tax	<u>(9)</u>	<u>55</u>
Tax on profit on ordinary activities	<u>143</u>	<u>114</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before taxation	<u>546</u>	<u>493</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	109	100
Effects of:		
Expenses not deductible for tax purposes	48	14
Adjustments in respect of previous periods	11	-
Tax rate changes	(25)	-
Total tax charge for the period	<u>143</u>	<u>114</u>

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

11. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Dividends

	1 January 2017 £000	27 December 2015 £000
Dividends paid equivalent to £1.78 per share (2015: £1.11 per share)	240	150

13. Intangible assets

	Goodwill £000
Cost	
At 28 December 2015	118
At 1 January 2017	118
Accumulated amortisation	
At 28 December 2015	66
Charge for the year	6
At 1 January 2017	72
Net book value	
At 1 January 2017	46
At 27 December 2015	52

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

14. Tangible assets

	Leasehold land and buildings £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 28 December 2015	938	20	8,235	9,193
Additions	-	-	1,122	1,122
At 1 January 2017	938	20	9,357	10,315
Accumulated depreciation				
At 28 December 2015	583	19	5,657	6,259
Charge for the period	48	1	447	496
At 1 January 2017	631	20	6,104	6,755
Net book value				
At 1 January 2017	307	-	3,253	3,560
At 27 December 2015	355	1	2,578	2,934

15. Stocks

	1 January 2017 £000	27 December 2015 £000
Finished goods and goods for resale	662	575

Stock recognised in cost of sales during the period as an expense was £4,613k (2015: £4,474k).

An impairment loss of £nil (2015: £nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

16. Debtors

	1 January 2017 £000	27 December 2015 £000
Trade debtors	235	70
Amounts owed by group undertakings	7,041	7,660
Amounts owed by associate companies	6,254	4,509
Other debtors	90	64
Directors' loan accounts (note 26)	-	53
Corporation tax recoverable	-	10
Prepayments and accrued income	325	292
	<u>13,945</u>	<u>12,658</u>

There is no interest accruing in respect of the amounts owed by group undertakings. These amounts are repayable on demand and have no security attached to them.

Interest of 4% above base is accruing in respect of amounts due by associate companies.

17. Cash and cash equivalents

	1 January 2017 £000	27 December 2015 £000
Cash at bank and in hand	13	628
Less: bank overdrafts	(313)	-
	<u>(300)</u>	<u>628</u>

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

18. Creditors: Amounts falling due within one year

	1 January 2017 £000	27 December 2015 £000
Bank overdrafts	313	-
Bank loans	-	240
Other loans	400	1,500
Payments received on account	1,033	800
Trade creditors	900	1,363
Amounts owed to group undertakings	47	49
Corporation tax	4	-
Other taxation and social security	301	100
Directors' loan accounts (note 26)	135	-
Other creditors	104	254
Accruals and deferred income	461	472
	3,698	4,778

There is no interest accruing in respect of the amounts owed to group undertakings. These amounts are repayable on demand and have no security attached to them.

Interest is charged at 4% above the Bank of England base rate on other loans of £400,000 (2015: £1,500,000).

19. Creditors: Amounts falling due after more than one year

	1 January 2017 £000	27 December 2015 £000
Bank loans	6,500	4,195

Secured loans

Security pledged for the bank loan is a legal charge over: 2 New Street, St Petrocs House Hotel, 4 St Edmunds Lane, 6 St Edmunds Lane, Prospect House, Puffin House, The Seafood Restaurant and South Quay Flats, all in Padstow, and a debenture (on the bank's standard form).

In September 2016 the company consolidated its term loan into one revolver loan with an overdraft facility of £1.0m.

Interest of Libor + 1.8% is charged on the £6.5m revolver bank loan.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

20. Loans

Analysis of the maturity of loans is given below:

	1 January 2017 £000	27 December 2015 £000
Amounts falling due within one year		
Bank loans	-	240
Other loans	400	1,500
	<u>400</u>	<u>1,740</u>
Amounts falling due 1-2 years		
Bank loans	6,500	1,740
Amounts falling due 2-5 years		
Bank loans	-	2,455
	<u>6,900</u>	<u>5,935</u>

21. Deferred taxation

	2017 £000	2015 £000
At beginning of year	147	92
Charged to profit or loss	(9)	55
At end of year	<u>138</u>	<u>147</u>

The provision for deferred taxation is made up as follows:

	1 January 2017 £000	27 December 2015 £000
Accelerated capital allowances	141	149
Short term timing differences	(3)	(2)
	<u>138</u>	<u>147</u>

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

22. Called up share capital

	1 January 2017 £000	27 December 2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
135,000 (2015: 135,000) Ordinary Shares shares of £1 each	135	135

23. Reserves

Profit & loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £47,000 (2015: £42,000).

25. Commitments under operating leases

At 1 January 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	1 January 2017 £000	27 December 2015 £000
Not later than 1 year	516	372
Later than 1 year and not later than 5 years	1,558	1,167
Later than 5 years	1,630	1,875
	3,704	3,414

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2017

26. Related party transactions

Directors' loan accounts

During the period, Directors' loan accounts were operated as follows:

	At 27 December 2015 £000	Highest balance £000	At 1 January 2017 £000
C R Stein	148 creditor	314 creditor	86 creditor
J Stein	53 debtor	69 debtor	49 creditor

Loans from Directors are repayable on demand and are interest bearing at 3.5% above bank base rate. Amounts owing to/owed by C R Stein and J Stein as at 1 January 2017 are included within creditors/debtors, as appropriate.

During the year the company entered into transactions with The Vintner, a related party due to the fact that C R Stein, a shareholder of the Seafood Trading Limited, also works for this company. The transactions were in the ordinary course of business and related to the supply of wine to Seafood Trading Limited. The transactions entered into during the year totalled £559,700 (2015: £304,373) and a balance of £7,160 (2015: £55,814) was outstanding at the financial year end.

During the year the company entered in to transactions with Stein's Trading Limited, a company related by way of ultimate shareholders. During the year the company recharged Stein's Trading Limited for capital equipment, general purchases and management salaries totalling £896,675 (2015: £3,643,092). At the year end Stein's Trading Limited owed the company £6,253,805 (2015: £4,508,881). Interest is charged to Stein's Trading Limited at a rate of 4% above base. During the year the company charged Stein's Trading Limited interest of £222,953 (2015: £93,266).

27. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of The Seafood Restaurant (Padstow) Limited (company registration number 07089657). There is not considered to be any ultimate controlling parties of this Company given no shareholder owns a majority interest.

The Seafood Restaurant (Padstow) Limited is the parent undertaking of both the smallest and largest group to consolidate these financial statements. The consolidated financial statements of The Seafood Restaurant (Padstow) Limited are available from Seafood Restaurant, Riverside, Padstow, Cornwall, PL28 8BY.

28. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.