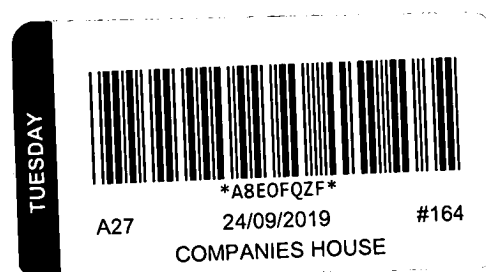


Registered number: 03031916

SEAFOOD TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 DECEMBER 2018



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 2 Glass Wharf Bristol BS2 0FR |
| Bankers | Barclays Bank Plc 14 King Street Truro Cornwall TR1 2RB |

SEAFOOD TRADING LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 DECEMBER 2018

The Directors present the Strategic Report of Seafood Trading Limited (the "Company") for the period ended 30 December 2018.

Business review and future developments

Trading

The results for the period are set out on page 10.

The restaurant trade in the UK has had a turbulent time over the last 2 years and a number of chains have gone into CVA or administration.

Turnover was down on last year and profitability was down largely due to increased regulatory costs - the living wage, business rates, apprenticeship levy and pension audit enrolment.

Turnover was £16.8m (2017: £16.9m) which was a 0.5% down from the previous period. Gross margins were down 1.8% on last period at 70.9% (2017: 72.7%).

The loss before interest and tax was £319,000 (2017: profit of £253,000).

EBITDA was £332,000 (2017: £825,000).

Wages costs were up 5% to £7.56m (2017: £7.23m) with a wages:sales ratio of 45.0% (2017: 42.9%). The Company recharged £330k (2017: £320k) to Stein's Trading Limited for the supply of support staff.

Capital expenditure was £497k (2017: £1.418k).

Trade creditor days at the Balance Sheet date were 40 days (2017: 45 days).

The Company continues to seek opportunities that will increase profitability.

Sales for the first half of 2019 were up 4.3% on last year at £7.46m.

Bank facility

A new term loan of £7.0m for 15 years was agreed and put into effect with Barclays Bank in August 2019 with Stein's Trading Limited, a related entity.

SEAFOOD TRADING LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2018

Principal risks and uncertainties

The key business risks and uncertainties facing the Company are:

- Regulatory costs - increases in the living wage, business rates, auto enrolment pensions and the Apprenticeship levy;
- The impact of Brexit with higher food inflation, harder to recruit staff from EU and companies holding back on decisions until the Brexit position is resolved;
- 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. It has been harder to recruit hospitality staff especially chefs;
- Supply chain - being able to obtain consistent 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; and
- Cyber/IT security.

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, like for like;
- Gross profit margin;
- Wages/sales margin;
- Restaurants - average spend per head;
- Cost of sales variance reports comparing actual gross profit to budget gross profit for each site;
- Overhead costs - purchasing manager to control cost;
- Cash flow forecasting - rolling 12 month forecasts are prepared, which are updated each week and reviewed monthly by the directors;
- Customer feedback - instant daily feedback using daily 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 and signed on its behalf by:



N J McLeod
Director

Date: 16 August 2019.

SEAFOOD TRADING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 DECEMBER 2018

The Directors present their annual report and the audited financial statements of Seafood Trading Limited (the "Company") for the period ended 30 December 2018.

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 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 United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

Principal activities

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 regard as one business.

Results and dividends

The loss for the financial period/period amounted to £166,000 (2017: profit £259,000).

Dividends declared and paid during the period were £300,000, equivalent to £2.22 per share (2017: £300,000, equivalent to £2.22 per share). The directors do not recommend the payment of a final dividend.

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

Charitable donations

During the period, the Company made charitable donations of £15,952 (2017: £8,022).

SEAFOOD TRADING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 DECEMBER 2018

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 300 (2017: 310).

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.

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.

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 30 DECEMBER 2018**

This report was approved by the board and signed on its behalf by:

NJ McLeod

N J McLeod
Director

Date: *16 August 2019*

Report on the audit of the financial statements

Opinion

In our opinion, Seafood Trading Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2018 and of its loss for the 52 week period (the "period") then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the 52 week period then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK

SEAFOOD TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAFOOD TRADING LIMITED (CONTINUED)

Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

SEAFOOD TRADING LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAFOOD TRADING LIMITED
(CONTINUED)**

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

Heather Ancient

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date: 28 August 2019.

SEAFOOD TRADING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 DECEMBER 2018**

| | Note | 2018 £000 | 2017 £000 |
|--|-------------|----------------------|----------------------|
| Turnover | 4 | 16,791 | 16,879 |
| Cost of sales | | (4,886) | (4,607) |
| Gross profit | | 11,905 | 12,272 |
| Administrative expenses | | (12,224) | (12,019) |
| EBITDA | | 332 | 825 |
| Operating (loss)/profit | 5 | (319) | 253 |
| Interest receivable and similar income | 9 | 326 | 297 |
| Interest payable and similar expenses | 10 | (218) | (225) |
| (Loss)/profit before taxation | | (211) | 325 |
| Tax on (loss)/profit | 11 | 45 | (66) |
| (Loss)/profit for the financial period | | (166) | 259 |
| Total comprehensive (expense)/income for the period | | (166) | 259 |

The notes on pages 13 to 29 form part of these financial statements.

SEAFOOD TRADING LIMITED
REGISTERED NUMBER: 03031916

BALANCE SHEET
AS AT 30 DECEMBER 2018

| | Note | 30 December 2018 £000 | 31 December 2017 £000 |
|---|------|--------------------------------|--------------------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 34 | 40 |
| Tangible assets | 14 | 4,240 | 4,388 |
| | | <u>4,274</u> | <u>4,428</u> |
| Current assets | | | |
| Stocks | 15 | 859 | 815 |
| Debtors | 16 | 13,704 | 14,667 |
| Cash at bank and in hand | 17 | 18 | 14 |
| | | <u>14,581</u> | <u>15,496</u> |
| Creditors: amounts falling due within one year | 18 | (11,355) | (5,434) |
| Net current assets | | <u>3,226</u> | <u>10,062</u> |
| Total assets less current liabilities | | <u>7,500</u> | <u>14,490</u> |
| Creditors: amounts falling due after more than one year | 19 | - | (6,500) |
| Provisions for liabilities | | | |
| Deferred taxation | 20 | (117) | (141) |
| Net assets | | <u><u>7,383</u></u> | <u><u>7,849</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 135 | 135 |
| Profit and loss account | 22 | 7,248 | 7,714 |
| Total shareholders' funds | | <u><u>7,383</u></u> | <u><u>7,849</u></u> |

The financial statements on pages 10 to 29 were approved and authorised for issue by the board and were signed on its behalf by:

Nel Mesa

N J McLeod
Director

J Stein
Director

Jim Stein

Date: 16 August 2019

The notes on pages 13 - 29 form part of these financial statements.

SEAFOOD TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 DECEMBER 2018

| | Called up share capital £000 | Profit and loss account £000 | Total shareholders' funds £000 |
|---|---------------------------------------|---------------------------------------|---|
| At 1 January 2017 | 135 | 7,755 | 7,890 |
| Comprehensive income for the financial period | | | |
| Profit for the financial period | - | 259 | 259 |
| Total comprehensive income for the financial period | - | 259 | 259 |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (300) | (300) |
| Total transactions with owners | - | (300) | (300) |
| At 31 December 2017 and 1 January 2018 | 135 | 7,714 | 7,849 |
| Comprehensive expense for the financial period | | | |
| Loss for the financial period | - | (166) | (166) |
| Total comprehensive expense for the financial period | - | (166) | (166) |
| Contributions by and distributions to owners | | | |
| Dividends: Equity capital | - | (300) | (300) |
| Total transactions with owners | - | (300) | (300) |
| At 30 December 2018 | 135 | 7,248 | 7,383 |

The notes on pages 13 to 29 form part of these financial statements.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

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 regard as 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 30 December 2018 and these financial statements may be obtained from Seafood Restaurant, Riverside, Padstow, Cornwall, PL28 8BY.

2.3 Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Stein's Trading Limited, a related entity, has signed a new term loan of £7.0m for 15 years. Previously, the term loan was recognised with the Company. This was agreed and put into effect with Barclays Bank in August 2019.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

2. Accounting policies (continued)

2.4 Turnover

Turnover 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. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 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 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.

2.6 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.

Depreciation is provided on the following basis:

| | | |
|----------------------------------|---|---|
| Leasehold land and buildings | - | Reducing balance over the term of the lease |
| 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.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 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.

2.10 Financial instruments

The Company only enters into basic financial instrument 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 the 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.

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

2. Accounting policies (continued)

2.11 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.

2.12 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 'other operating income'.

2.13 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.

2.14 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.

2.15 Operating leases

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

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

2. Accounting policies (continued)

2.16 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 30 December 2018, there is a pensions liability of £12,987 (2017: £9,793).

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.

2.17 Interest income

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

2.18 Borrowing costs

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

2.19 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 period 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 30 DECEMBER 2018

2. Accounting policies (continued)

2.20 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 evaluated 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 period 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 30 DECEMBER 2018

5. Operating (loss)/profit

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

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|---|---|--------------------------------|
| Depreciation of tangible assets | 645 | 566 |
| Amortisation of intangible assets, including goodwill | 6 | 6 |
| Operating lease rentals | 538 | 529 |
| | <u> </u> | <u> </u> |

6. Auditors' remuneration

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|---|---|--------------------------------|
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | 29 | 28 |
| | <u> </u> | <u> </u> |
| Fees payable to the Company's auditors in respect of: | | |
| Taxation compliance services | 4 | 4 |
| All other services | 3 | 2 |
| | <u> </u> | <u> </u> |
| | 7 | 6 |
| | <u> </u> | <u> </u> |

SEAFOOD TRADING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018****7. Employees**

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

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|-----------------------|---|--|
| Wages and salaries | 6,971 | 6,691 |
| Social security costs | 524 | 495 |
| Other pension costs | 69 | 48 |
| | 7,564 | 7,234 |

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

| | Period ended 30 December 2018 Number | 31 December 2017 Number |
|----------------|---|--|
| Administration | 53 | 57 |
| Operations | 247 | 253 |
| | 300 | 310 |

8. Directors' remuneration

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|-------------------------|---|--|
| Directors' remuneration | 451 | 442 |

The highest paid Director received remuneration of £225,384 (2017: £221,000).

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

9. Interest receivable and similar income

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|--|---|--------------------------------|
| Interest receivable from associate companies | 326 | 297 |

10. Interest payable and similar expenses

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|-----------------------------|---|--------------------------------|
| On bank loan and overdrafts | 192 | 205 |
| On Directors' loans | 26 | 20 |
| | 218 | 225 |

11. Tax on (loss)/profit

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|--|---|--------------------------------|
| Corporation tax | | |
| Current tax on profits for the period | - | 79 |
| Adjustments in respect of prior periods | (21) | (15) |
| Total current tax | (21) | 64 |
| Deferred tax | | |
| Origination and reversal of timing differences | 9 | 34 |
| Changes to tax rates | (1) | (4) |
| Adjustments in respect of prior periods | (32) | (28) |
| Total deferred tax | (24) | 2 |
| Total tax | (45) | 66 |

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

11. Tax on (loss)/profit (continued)

Factors affecting tax (credit)/charge for the period

The tax assessed for the period is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

| | Period ended 30 December 2018 £000 | 31 December 2017 £000 |
|---|---|--------------------------------|
| (Loss)/profit before taxation | (211) | 325 |
| (Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) | (40) | 63 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 49 | 50 |
| Adjustments in respect of prior periods | (53) | (43) |
| Tax rate changes | (1) | (4) |
| Total tax (credit)/charge for the period | (45) | 66 |

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate 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

| | 30 December 2018 £000 | 31 December 2017 £000 |
|--|--------------------------------|--------------------------------|
| Dividends paid equivalent to £2.22 per share (2017: £2.22 per share) | 300 | 300 |

SEAFOOD TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

13. Intangible assets

| | Goodwill £000 |
|---------------------------------|--------------------------|
| Cost | |
| At 1 January 2018 | <u>118</u> |
| At 30 December 2018 | <u>118</u> |
| Accumulated amortisation | |
| At 1 January 2018 | 78 |
| Charge for the period | <u>6</u> |
| At 30 December 2018 | <u>84</u> |
| Net book value | |
| At 30 December 2018 | <u><u>34</u></u> |
| At 31 December 2017 | <u><u>40</u></u> |

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

14. Tangible assets

| | Leasehold land and buildings £000 | Fixtures, fittings and equipment £000 | Total £000 |
|---------------------------------|--|--|---------------|
| Cost | | | |
| At 1 January 2018 | 938 | 10,751 | 11,689 |
| Additions | - | 497 | 497 |
| At 30 December 2018 | <u>938</u> | <u>11,248</u> | <u>12,186</u> |
| Accumulated depreciation | | | |
| At 1 January 2018 | 679 | 6,622 | 7,301 |
| Charge for the period | 48 | 597 | 645 |
| At 30 December 2018 | <u>727</u> | <u>7,219</u> | <u>7,946</u> |
| Net book value | | | |
| At 30 December 2018 | <u>211</u> | <u>4,029</u> | <u>4,240</u> |
| At 31 December 2017 | <u>259</u> | <u>4,129</u> | <u>4,388</u> |

15. Stocks

| | 30 December 2018 £000 | 31 December 2017 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Finished goods and goods for resale | <u>859</u> | <u>815</u> |

Stock recognised in cost of sales during the period as an expense was £4,886,000 (2017: £4,607,000).

An impairment loss of £Nil (2017: £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 30 DECEMBER 2018

16. Debtors

| | 30 December 2018 £000 | 31 December 2017 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Trade debtors | 183 | 218 |
| Amounts owed by group undertakings | 5,657 | 6,520 |
| Amounts owed by associate companies | 7,439 | 7,485 |
| Other debtors | 95 | 162 |
| Corporation tax recoverable | 21 | - |
| Prepayments and accrued income | 309 | 282 |
| | <u>13,704</u> | <u>14,667</u> |

There is no interest accruing in respect of the amounts owed by group undertakings.

17. Cash at bank and in hand

| | 30 December 2018 £000 | 31 December 2017 £000 |
|--------------------------|--------------------------------|--------------------------------|
| Cash at bank and in hand | 18 | 14 |
| Less: bank overdrafts | (6,993) | (1,574) |
| | <u>(6,975)</u> | <u>(1,560)</u> |

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

18. Creditors: amounts falling due within one year

| | 30 December 2018 £000 | 31 December 2017 £000 |
|------------------------------------|--------------------------------|--------------------------------|
| Bank loans and overdrafts | 6,993 | 1,574 |
| Other loans | 200 | 300 |
| Payments received on account | 1,502 | 1,330 |
| Trade creditors | 1,185 | 1,125 |
| Amounts owed to group undertakings | 45 | 45 |
| Corporation tax | 16 | 95 |
| Other creditors | 156 | 117 |
| Other taxation and social security | 285 | 170 |
| Directors' loan accounts (note 26) | 513 | 322 |
| Accruals and deferred income | 460 | 356 |
| | 11,355 | 5,434 |

There is no interest accruing in respect of the amounts owed to group undertakings (2017: nil). 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 £200,000 (2017: £300,000).

Secured loans

The Security pledged for the Barclays bank loan is a legal charge over: The Seafood Restaurant, St. Petrocs, The Cafe, St. Edmunds & Prospect House (on the bank's standard form).

The Company has a revolver loan of £6.5m with a seasonal overdraft facility.

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

Stein's Trading Limited, a related entity, has signed a new term loan of £7.0m for 15 years. Previously, the term loan was recognised with the Company. This was agreed and put into effect with Barclays Bank in August 2019.

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

| | 30 December 2018 £000 | 31 December 2017 £000 |
|---------------------------|--------------------------------|--------------------------------|
| Bank loans and overdrafts | - | 6,500 |

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

20. Deferred taxation

| | 2018 £000 |
|--------------------------------------|--------------|
| At beginning of period | 141 |
| Charged to profit or loss | 8 |
| Adjustment in respect of prior years | (32) |
| At end of period | 117 |

The provision for deferred taxation is made up as follows:

| | 30 December 2018 £000 | 31 December 2017 £000 |
|--------------------------------|--------------------------------|--------------------------------|
| Accelerated capital allowances | 119 | 143 |
| Short term timing differences | (2) | (2) |
| | 117 | 141 |

21. Called up share capital

| | 30 December 2018 £000 | 31 December 2017 £000 |
|---|--------------------------------|--------------------------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 135,000 (2017: 135,000) ordinary shares of £1.00 each | 135 | 135 |

22. Profit and loss account

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

23. 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 £69,000 (2017: £48,000).

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

24. Commitments under operating leases

At 30 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 30 December 2018 £000 | 31 December 2017 £000 |
|--|--------------------------------|--------------------------------|
| Not later than 1 year | 423 | 475 |
| Later than 1 year and not later than 5 years | 1,276 | 1,340 |
| Later than 5 years | 1,175 | 1,387 |
| | <u>2,874</u> | <u>3,202</u> |

25. Related party transactions

Directors' loan accounts

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

| | At 1 January 2018 £000 | Highest balance £000 | At 30 December 2018 £000 |
|-----------|---------------------------------|----------------------------|-----------------------------------|
| C R Stein | 257 creditor | 523 creditor | 369 creditor |
| J Stein | 39 creditor | 128 creditor | 95 creditor |

Loans from Directors are repayable on demand and are interest bearing at 4.0% above bank base rate. Amounts owing to/owed by C R Stein and J Stein as at 30 December 2018 are included within creditors/debtors, as appropriate.

During the period 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 period totalled £649,110 (2017: £432,499) and a balance of £56,904 (2017: £26,442) was outstanding at the financial period end.

During the period the Company entered in to transactions with Stein's Trading Limited, a Company related by way of ultimate shareholders. At the period end Stein's Trading Limited owed the Company £7,439,000 (2017: £7,485,000). Interest is charged to Stein's Trading Limited at a rate of 4% above base. During the period the Company charged Stein's Trading Limited interest of £325,557 (2017: £296,688).

SEAFOOD TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2018

26. 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.

27. Post balance sheet events

Stein's Trading Limited, a related entity, has signed a new term loan of £7.0m for 15 years. Previously, the term loan was recognised with the Company. This was agreed and put into effect with Barclays Bank in August 2019.