

Registered number: 09190817

STEIN'S TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017



STEIN'S TRADING LIMITED

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STEIN'S TRADING LIMITED

COMPANY INFORMATION

Directors	C R Stein J Stein N J McLeod
Company secretary	N J McLeod
Registered number	09190817
Registered office	The 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

STEIN'S TRADING LIMITED

GROUP STRATEGIC REPORT FOR THE 53 WEEK PERIOD ENDED 1 JANUARY 2017

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

Business review

The company purchased Tideway Restaurants Limited, with one restaurant in Barnes on 3rd October 2016 and also opened a new restaurant in Marlborough on 8 October 2016.

Sandbanks had its first full year of trading with sales of £4.2m.

Trading

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

- Turnover was £9m, which was more than double the sales in 2015 of £4.3m, The gross profit margin was 70.0% which was 1.3% points up on 68.7% last year.
- Wages were £3.5m with a wages:sales ratio of 38.3% which was 7.8% percentage points better than last year (2015: 46.1%).
- EBITDA excluding pre opening costs was £1,177k (2015: £20k loss)

Capital expenditure was £2.9m, with the purchase of Tideway Restaurant Ltd and creation of the new restaurant at Marlborough.

Trade creditor days at the balance sheet date were 52 days (2015: 41 days).

The Company is actively seeking future investment opportunities which will increase EBITDA.

Post balance sheet events

The restaurant in Barnes was fully refurbished during January to March 2017. It re-opened on 17 March 2017 and is currently trading above expectations.

Debt financing

The funding for the business is provided through a loan from Seafood Trading Limited, an associated company. Interest is charged monthly at 4.0% above base rate.

Current trading

The Directors are satisfied with the trading results for the first 20 weeks of 2017 with sales of £4.0m, which is 9% up on budget and 45% up on the previous period.

Principal risks and uncertainties

The key business risks and uncertainties facing the Group are:

- Economic conditions and consumer confidence in the UK - the impact of Brexit on costs and the continuing pressure on consumer discretionary spend;
- Competition from other hospitality providers
- People – being able to retain and recruit executive team, local managers 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 cashflows and staffing considerations;
- Cyber/ IT security;
- Regulation - Business rates revaluations, Apprenticeship Levy and increasing Auto Enrolment costs; and
- Cost pressures on food, beverages, wages and overheads;

STEIN'S TRADING LIMITED

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

Financial 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;
- Cost of sales variance reports comparing actual gross profit to forecast gross profit for each site;
- Cash flow forecasting - rolling 12 month forecasts are prepared, which are updated each week and reviewed monthly by the directors;
- Overhead costs - purchasing managers and weekly reporting help to control this cost;
- Staff retention - focus to reduce staff turnover;
- Customer feedback - instant using ResDiary, Silent Customer, NPS (Net Promoter Score); 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:

NJ McLeod

N J McLeod
Director

STEIN'S TRADING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 1 JANUARY 2017

The Directors present their annual report and the audited consolidated financial statements of Stein's Trading Limited (the "Company") for the 53 week period ended 1 January 2017.

Principal activity

The principal activity of the Group is the operation of restaurants.

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 £211,000 (2015: loss of £559,000).

No dividends were declared or paid during the period (2015: £nil).

Charitable donations

During the year, the group made charitable donations of £1,023 (2015: £850).

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 group are discussed within the Business Review of the Group Strategic Report on page 2.

Financial risk management

There is little credit risk as credit sales form a very small percentage of total sales. The group has policies in place that require appropriate credit checks on new potential customers and active credit control procedures. With regards to liquidity risk, the group actively manages cash and prepares rolling cash flow forecasts covering the next 12 months. The group 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.

Going concern

At 1 January 2017 net current liabilities of the group are £7,116,000 and net liabilities are £341,000. The company has opened one new restaurant in the period and anticipates opening new restaurants in the near future. Actual results to March 2017 show the group is operating at levels above those budgeted and forecasts for 2017/18 show the group is expecting to make significant profits and have net cash inflows. On this basis, and with the continued support of related entities, the directors consider the going concern basis of preparation of the financial statements to be reasonable.

STEIN'S TRADING LIMITED

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

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 53 week period. Under that law the directors have prepared the group and company 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 group and company and of the profit or loss of the group and 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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 and the Group'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 and the Group'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.

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



N J McLeod
Director

STEIN'S TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEIN'S TRADING LIMITED

Report on the financial statements

Our opinion

In our opinion, Stein's Trading Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 1 January 2017 and of the group's profit and cash flows 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 Consolidated and Company Balance Sheets as at 1 January 2017;
- the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated and Company Statements 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" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEIN'S TRADING LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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:

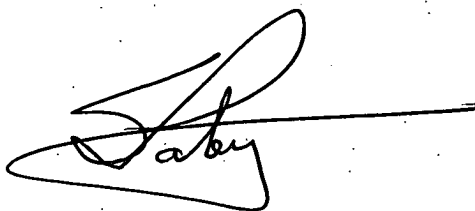
- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

STEIN'S TRADING LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 JANUARY 2017**

	Note	2016 £000	2015 £000
Turnover	4	9,039	4,324
Cost of sales		(2,707)	(1,352)
Gross profit		6,332	2,972
Administrative expenses		(5,796)	(3,545)
Operating profit/(loss)	5	536	(573)
Interest payable and similar charges	9	(223)	(93)
Profit/(loss) on ordinary activities before taxation		313	(666)
Tax on profit/(loss) on ordinary activities	10	(102)	107
Profit/(loss) for the financial period		211	(559)
Other comprehensive income for the financial period			
Share based payment		-	1
Other comprehensive income for the financial period		-	1
Total comprehensive income/(expense) for the financial period		211	(558)

STEIN'S TRADING LIMITED
REGISTERED NUMBER:09190817

CONSOLIDATED BALANCE SHEET
AS AT 1 JANUARY 2017

		1 January 2017 £000	27 December 2015 £000
	Note		
Fixed assets			
Tangible assets	12	6,775	4,327
Current assets			
Stocks	14	125	104
Debtors	15	264	350
Cash at bank and in hand	16	340	227
		<u>729</u>	<u>681</u>
Creditors: amounts falling due within one year	17	<u>(7,845)</u>	<u>(5,560)</u>
Net current liabilities		(7,116)	(4,879)
Total assets less current liabilities		<u>(341)</u>	<u>(552)</u>
Capital and reserves			
Called up share capital	19	1	1
Share premium account	20	5	5
Profit and loss account	20	<u>(347)</u>	<u>(558)</u>
Total shareholders' deficit		<u>(341)</u>	<u>(552)</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 14 to 31 form part of these financial statements.

STEIN'S TRADING LIMITED
REGISTERED NUMBER:09190817

COMPANY BALANCE SHEET
AS AT 1 JANUARY 2017

		1 January 2017 £000	27 December 2015 £000
	Note		
Fixed assets			
Tangible assets	12	5,893	4,327
Investments	13	953	-
		<u>6,846</u>	<u>4,327</u>
Current assets			
Stocks	14	115	104
Debtors	15	223	350
Cash at bank and in hand	16	290	227
		<u>628</u>	<u>681</u>
Creditors: amounts falling due within one year	17	(7,880)	(5,560)
Net current liabilities		<u>(7,252)</u>	<u>(4,879)</u>
Total assets less current liabilities		<u>(406)</u>	<u>(552)</u>
Capital and reserves			
Called up share capital	19	1	1
Share premium account	20	5	5
Profit and loss account	20	(412)	(558)
Total shareholders' deficit		<u>(406)</u>	<u>(552)</u>

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

NJ McLeod

N J McLeod
Director

J Stein

J Stein
Director

STEIN'S TRADING LIMITED

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholder s' deficit £000
On incorporation	-	-	-	-
Comprehensive expense for the financial period				
Loss for the financial period	-	-	(559)	(559)
Share based payment	-	-	1	1
Other comprehensive income for the financial period	-	-	1	1
Total comprehensive expense for the financial period	-	-	(558)	(558)
Contributions by and distributions to owners				
Shares issued during the period	1	5	-	6
Total transactions with owners	1	5	-	6
At 27 December 2015	1	5	(558)	(552)
Comprehensive income for the financial year				
Profit for the financial year	-	-	211	211
Total comprehensive income for the financial year	-	-	211	211
At 1 January 2017	1	5	(347)	(341)

STEIN'S TRADING LIMITED

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholder s' deficit £000
On incorporation	-	-	-	-
Comprehensive income for the financial period				
Loss for the financial period	-	-	(559)	(559)
Share based payment	-	-	1	1
Other comprehensive income for the financial period				
	-	-	1	1
Total comprehensive expense for the financial period	-	-	(558)	(558)
Contributions by and distributions to owners				
Shares issued during the period	1	5	-	6
Total transactions with owners	1	5	-	6
At 27 December 2015	1	5	(558)	(552)
Comprehensive income for the financial period				
Profit for the financial period	-	-	146	146
Total comprehensive income for the financial period	-	-	146	146
At 1 January 2017	1	5	(412)	(406)

STEIN'S TRADING LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 JANUARY 2017**

	1 January 2017 £000	27 December 2015 £000
Cash flows from operating activities		
Profit/(loss) for the financial period	211	(559)
Adjustments for:		
Depreciation of tangible assets	401	121
Interest paid	223	93
Taxation charge	102	(107)
Increase in stocks	(21)	(104)
Decrease/(increase) in debtors	2	(243)
Increase in creditors	520	1,052
Increase in amounts owed to associates	16	-
Net cash generated from operating activities	1,454	253
Cash flows used in investing activities		
Purchase of tangible assets	(1,945)	(4,448)
Purchase of investments	(904)	-
Net cash used in investing activities	(2,849)	(4,448)
Cash flows from financing activities		
Issue of ordinary shares	-	6
New loans from associates	1,731	4,509
Interest paid	(223)	(93)
Net cash generated from financing activities	1,508	4,422
Net increase in cash and cash equivalents	113	227
Cash and cash equivalents at beginning of period	227	-
Cash and cash equivalents at the end of period	340	227
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	340	227

STEIN'S TRADING LIMITED

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

1. General information

The principal activity of Stein's Trading Limited (the "company") is that of the operation of restaurants.

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 The Seafood Restaurant, Riverside, Padstow, Cornwall, PL28 8BY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 27.

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

The following principal accounting policies have been applied:

2.2 Going concern

At 1 January 2017 net current liabilities of the group are £7,116,000 and net liabilities are £341,000. The group has opened one new restaurant in the period and anticipates opening new restaurants in the near future. Actual results to March 2017 show the group is operating at levels above those budgeted and forecasts for 2017/18 show the group is expecting to make significant profits and have net cash inflows. On this basis, and with the continued support of related entities, the directors consider the going concern basis of preparation of the financial statements to be reasonable.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 28 December 2015.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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)

2.5 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 Group 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 Group. 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:

Long-term leasehold property	- Over the life of the lease
Fixtures and fittings	- 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 Consolidated Statement of Comprehensive Income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

STEIN'S TRADING LIMITED

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

2. Accounting policies (continued)

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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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

2. Accounting policies (continued)

2.10 Financial instruments

The Group 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 Consolidated 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.

2.11 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 Finance costs

Finance costs are charged to the Consolidated 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.

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

2. Accounting policies (continued)

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated 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.

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

STEIN'S TRADING LIMITED

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

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group 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.

2.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

STEIN'S TRADING LIMITED

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

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.

Share based payments

The company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes but does require inputs based on best estimates from management. Details of management assumptions and estimates are detailed in Note 21.

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 group being that of the operation of restaurants.

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

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

	2016 £000	2015 £000
Depreciation of tangible assets	397	121
Operating lease rentals	635	442

STEIN'S TRADING LIMITED

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

6. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditors and its associates for the audit of the Group's annual financial statements	20	18
Fees payable to the Group's auditors and its associates in respect of:		
Taxation compliance services	8	7
All other services	2	2
	<u>10</u>	<u>9</u>

7. Employees

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

	2016 £000	2015 £000
Wages and salaries	3,205	1,821
Social security costs	240	164
Other pension costs	13	7
Share based payment	-	1
	<u>3,458</u>	<u>1,993</u>

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

	2016 Number	2015 Number
Restaurant	168	75
Administration	7	3
	<u>175</u>	<u>78</u>

STEIN'S TRADING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2017****8. Directors' remuneration and key management compensation**

	2016 £000	2015 £000
Aggregate directors' emoluments	148	85
Company contributions to defined contribution pension schemes	11	7
	159	92

During the period retirement benefits were accruing to 1 Director (2015: 1) in respect of defined contribution pension schemes.

9. Interest payable and similar charges

	2016 £000	2015 £000
On loans from associated company	223	93

10. Tax on profit/(loss) on ordinary activities

	2016 £000	2015 £000
Corporation tax		
Current tax on profit/(loss) for the period	18	-
Deferred tax		
Origination and reversal of timing differences	98	(107)
Changes to tax rates	(8)	-
Adjustments to prior periods	(6)	-
Total deferred tax	84	(107)
Tax on profit/(loss) on ordinary activities	102	(107)

STEIN'S TRADING LIMITED

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

10. Tax on profit/(loss) on ordinary activities (continued)

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: 20.44%). The differences are explained below:

	2016 £000	2015 £000
Profit/(loss) on ordinary activities before taxation	313	(666)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.44%)	63	(136)
Effects of:		
Expenses not deductible for tax purposes	54	15
Short term timing difference leading to an increase in taxation	-	14
Changes in tax rate	(9)	-
Adjustments for prior years	(6)	-
Total tax credit for the period	102	(107)

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 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.

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period was £146,000 (2015: loss of £559,000).

STEIN'S TRADING LIMITED

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

12. Tangible assets

Group

	Long-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost			
At 28 December 2015	1,077	3,371	4,448
Additions	-	1,945	1,945
Acquisition of subsidiary	894	6	900
At 1 January 2017	1,971	5,322	7,293
Accumulated depreciation			
At 28 December 2015	16	105	121
Charge for the period	86	311	397
At 1 January 2017	102	416	518
Net book value			
At 1 January 2017	1,869	4,906	6,775
At 27 December 2015	1,061	3,266	4,327

STEIN'S TRADING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JANUARY 2017****12. Tangible assets (continued)****Company**

	Long-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost			
At 28 December 2015	1,077	3,371	4,448
Additions	-	1,945	1,945
At 1 January 2017	1,077	5,316	6,393
Accumulated depreciation			
At 28 December 2015	16	105	121
Charge for the period	68	311	379
At 1 January 2017	84	416	500
Net book value			
At 1 January 2017	993	4,900	5,893
At 27 December 2015	1,061	3,266	4,327

STEIN'S TRADING LIMITED

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

13. Investments (company)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Tideway Limited	UK	Ordinary	100 %	Operation of restaurants

Name	Registered office
Tideway Limited	The Seafood Restaurant, Riverside, Padstow, Cornwall, PL28 8BY

Company

	Investments in subsidiary companies £000
Cost	
Additions	953
At 1 January 2017	953
Net book value	
At 1 January 2017	953
At 27 December 2015	-

14. Stocks

	Group 1 January 2017 £000	Group 27 December 2015 £000	Company 1 January 2017 £000	Company 27 December 2015 £000
Raw materials and consumables	125	104	115	104

Stock recognised in cost of sales during the period as an expense was £2,707,000 (2015: £1,352,000).

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.

STEIN'S TRADING LIMITED

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

15. Debtors

	Group 1 January 2017 £000	Group 27 December 2015 £000	Company 1 January 2017 £000	Company 27 December 2015 £000
Trade debtors	25	-	25	-
Other debtors	29	30	1	30
Deferred taxation (see note 18)	23	107	23	107
Prepayments and accrued income	187	213	174	213
	<u>264</u>	<u>350</u>	<u>223</u>	<u>350</u>

16. Cash at bank and in hand

	Group 1 January 2017 £000	Group 27 December 2015 £000	Company 1 January 2017 £000	Company 27 December 2015 £000
Cash at bank and in hand	340	227	290	227

17. Creditors: Amounts falling due within one year

	Group 1 January 2017 £000	Group 27 December 2015 £000	Company 1 January 2017 £000	Company 27 December 2015 £000
Trade creditors	847	515	802	515
Amounts owed to group undertakings	-	-	223	-
Amounts owed to associates	6,254	4,509	6,254	4,509
Corporation tax	18	-	18	-
Taxation and social security	307	118	228	118
Other creditors	116	98	64	98
Accruals and deferred income	303	320	291	320
	<u>7,845</u>	<u>5,560</u>	<u>7,880</u>	<u>5,560</u>

STEIN'S TRADING LIMITED

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

18. Deferred taxation

Group

	2016 £000	2015 £000
At beginning of year	107	-
Charged to profit or loss	(84)	107
At end of year	23	107

Company

	2016 £000	2015 £000
At beginning of year	107	-
Charged to profit or loss	(84)	107
At end of year	23	107

The deferred tax asset is made up as follows:

	Group 1 January 2017 £000	Group 27 December 2015 £000	Company 1 January 2017 £000	Company 27 December 2015 £000
Accelerated capital allowances	(179)	7	(179)	7
Tax losses carried forward	202	100	202	100
	23	107	23	107

19. Called up share capital

	1 January 2017 £000	27 December 2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
120,000 (2015: 120,000) Ordinary shares of £0.01 each	1	1

STEIN'S TRADING LIMITED

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

20. Reserves

Share premium account

Share premium represents the amount subscribed for share capital in excess of the nominal value.

Profit and loss account

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

21. Share based payments

In the prior year Stein's Trading Limited introduced the 2014 Enterprise Management Incentive Scheme whereby it granted share options for the purchase of Stein's Trading Limited shares to directors and key management personnel of the company. No new share options were granted during the year.

22. Business combinations

Acquisition of Tideway Restaurants Limited

	1 January 2017	1 January 2017	1 January 2017
	Book value £000	Fair value adjustment £000	Fair value £000
Tangible assets	6	894	900
	6	894	900
Stocks	10	-	10
Debtors	56	-	56
Cash at bank and in hand	129	-	129
Total assets	201	894	1,095
Due within one year	(148)	-	(148)
Fair value of net assets	53	894	947
Total purchase consideration	53	894	947
Purchase consideration settled in cash, as above	948	-	948
Cash outflow on acquisition	948	-	948

STEIN'S TRADING LIMITED

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

22. Business combinations (continued)

The results of Tideway Restaurants Ltd since its acquisition are as follows:

	Period since acquisition £000
Turnover	401
	<u>401</u>
Profit before interest and tax	72
	<u><u>72</u></u>

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 £13,273 (2015: £7,414).

24. Commitments under operating leases

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

	Group 1 January 2017 £000	Group 27 December 2015 £000	Company 1 January 2017 £000	Company 27 December 2015 £000
Not later than 1 year	727	498	727	498
Later than 1 year and not later than 5 years	2,908	1,992	2,908	1,992
Later than 5 years	8,075	6,024	8,075	6,024
	<u><u>8,075</u></u>	<u><u>6,024</u></u>	<u><u>8,075</u></u>	<u><u>6,024</u></u>

25. Related party transactions

During the period the company entered into transactions with Seafood Trading Limited, a company related by way of ultimate shareholders. During the year the company was charged for capital equipment, general purchases and management salaries totaling £896,673 (2015: £3,643,092). At the year end the company owed Seafood Trading Limited £6,255,000 (2015: £4,508,881). Interest is charged to the company on the balance at a rate of 4% above bank base rate. During the year the company paid Seafood Trading Limited interest of £222,953 (2015: £93,266).

26. Controlling party

There is not considered to be an ultimate controlling party of this company given no shareholder owns a majority interest.

STEIN'S TRADING LIMITED

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

27. 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.