Registered number: 09190817

STEIN'S TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 DECEMBER 2018

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 England 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

STRATEGIC REPORT
FOR THE PERIOD ENDED 30 DECEMBER 2018

The Directors present the Strategic report of Stein's Trading Limited (the "Company") for the period ended 30 December 2018.

Business review

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

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

Turnover was £12.4m (2017: £12.1m) which was 2.6% increase on the previous period.

Gross margins were up by 1.4% points on last year at 72.8% (2017: 71.4%).

EBITDA excluding pre-opening costs was £681,000 (2017: £1,119,000).

Loss before interest and tax was £52k (2017: £249k profit). Wage costs were up 1.2% to £5,008k (2017: £4,950k) a wages:sales ratio of 40.4% (2017: 41.0%). Seafood Trading Limited recharged £330k (2017: £320k) to Stein's Trading Limited for the supply of support staff

Capital expenditure was £156k (2017: £1,262k).

Trade creditor days at the balance sheet date were 53 days (2017: 39 days) this was due to the date for paying suppliers falling after the financial year end date of 30 December 2018.

The Company continues to actively seek opportunities which will increase profitability.

Sales for the first half of 2019 were up 0.9% on last year at £5.82m.

Debt financing

The funding for the business has previously been provided through a loan from Seafood Trading Limited, an associated company. Interest was charged monthly at 4% above base rate.

The Company has signed a new term loan of £7.0m for 15 years. This was agreed and put into effect with Barclays Bank in August 2019.

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 consistently fresh and quality produce for our restaurants without delays;
- Seasonality of the business - pressure on cashflows and staffing considerations;
- Cost pressures on food, beverages, wages and overheads; and
- Cyber/ IT security.

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, 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;
- Cash flow forecasting – rolling 12 month forecasts are prepared, which are updated each week and reviewed monthly by the directors;
- Overhead costs – purchasing managers to control cost;
- Staff retention – focus to reduce staff turnover;
- Customer feedback – instant daily feedback using daily 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 and signed on its behalf by:

NJ McLeod

N J McLeod
Director

Date: 16 August 2019

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 DECEMBER 2018

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

Principal activity

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

Results and dividends

The loss for the financial period/period amounted to £321,000 (2017: £157,000).

No dividends were declared or paid during the period (2017: £Nil).

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 £Nil (2017: £2,350).

Future developments

The future developments of the Company are discussed within the Business Review of the 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 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.

Going concern

At 30 December 2018 net current liabilities of the Company are £7,626,000 and net liabilities are £819,000. 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.

DIRECTORS' REPORT (CONTINUED)
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 the 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 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.

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

Disclosure of information to auditors

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

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

Independent auditors

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

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

NJ McLeod

N J McLeod
Director

Date: 16 August 2019

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

Report on the audit of the financial statements

Opinion

In our opinion, Stein's 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 and cash flows 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 cash flows, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 Companies Act 2006 have been included.

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

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 5, 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.

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.

STEIN'S TRADING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover	4	**12,392**	12,076
Cost of sales		**(3,375)**	(3,457)
Gross profit		**9,017**	8,619
Administrative expenses		**(9,069)**	(8,154)
Pre-opening costs	5	**-**	(216)
EBITDA		**681**	1,119
Operating (loss)/profit	6	**(52)**	249
Interest payable and similar expenses	10	**(326)**	(297)
Loss before taxation		**(378)**	(48)
Tax on loss	11	**57**	(109)
Loss for the financial period		**(321)**	(157)
Total comprehensive expense for the period		**(321)**	(157)

The notes on pages 12 to 24 form part of these financial statements.

STEIN'S TRADING LIMITED
REGISTERED NUMBER:09190817

BALANCE SHEET
AS AT 30 DECEMBER 2018

	Note		30 December 2018 £000		31 December 2017 £000
Fixed assets					
Tangible assets	12		**6,847**		7,383
			6,847		7,383
Current assets					
Stocks	13	**149**		125	
Debtors	14	**594**		470	
Cash at bank and in hand	15	**347**		344	
		1,090		939	
Creditors: amounts falling due within one year	16	**(8,716)**		(8,725)	
Net current liabilities			**(7,626)**		(7,786)
Total assets less current liabilities			**(779)**		(403)
Provisions for liabilities					
Deferred tax	17		**(40)**		(95)
Net liabilities			**(819)**		(498)
Capital and reserves					
Called up share capital	18		**1**		1
Share premium account	19		**5**		5
Profit and loss account	19		**(825)**		(504)
Total shareholders' deficit			**(819)**		(498)

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

N J McLeod

N J McLeod
Director

J Stein
Director

Date: 16 August 2019

The notes on pages 12 to 24 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000
At 2 January 2017	1	5	(347)	(341)
Comprehensive expense for the financial period				
Loss for the financial period	-	-	(157)	(157)
Total comprehensive expense for the financial period	-	-	(157)	(157)
At 31 December 2017 and 1 January 2018	1	5	(504)	(498)
Comprehensive expense for the financial period				
Loss for the financial period	-	-	(321)	(321)
Total comprehensive expense for the financial period	-	-	(321)	(321)
At 30 December 2018	1	5	(825)	(819)

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 DECEMBER 2018

	30 December 2018 £000	31 December 2017 £000
Cash flows from operating activities		
Loss for the financial period	**(321)**	(157)
Adjustments for:		
Depreciation of tangible assets	**692**	654
Interest paid	**326**	297
Taxation (credit)/charge	**(57)**	109
Increase in stocks	**(24)**	-
Increase in debtors	**(124)**	(229)
Decrease/ (increase) in creditors	**41**	(342)
Decrease in amounts owed to associates	**(46)**	(13)
Corporation tax paid	**(2)**	-
Net cash generated from operating activities	**485**	319
Cash flows from investing activities		
Purchase of tangible assets	**(156)**	(1,262)
Net cash used in investing activities	**(156)**	(1,262)
Cash flows from financing activities		
New loans from associates	**-**	1,244
Interest paid	**(326)**	(297)
Net cash (used in)/generated from financing activities	**(326)**	947
Net increase in cash and cash equivalents	**3**	4
Cash and cash equivalents at beginning of period	**344**	340
Cash and cash equivalents at the end of period	**347**	344
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	**347**	344

The notes on pages 12 to 24 form part of these financial statements.

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 on going concern basis, under the historical cost convention 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.

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 Going concern

At 30 December 2018 net current liabilities of the Company are £7,626,000 and net liabilities are £819,000. The Company has a loss of £321,000. 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.

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

2.3 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.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.4 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:

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 Statement of Comprehensive Income.

2.5 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.

2.6 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.

2.7 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 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 Company's cash management.

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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. Accounting policies (continued)

2.11 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 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 Company 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 Statement of Comprehensive Income over the remaining vesting period.

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

2.12 Operating leases

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

2.13 Pensions

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.

2.14 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.

2. Accounting policies (continued)

2.15 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;
- 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 Company 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.

2.16 Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

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 not require inputs based on best estimates from management.

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 being that of the operation of restaurants.

All turnover arose within the United Kingdom.

5. Exceptional items

	2018	2017
	£000	£000
Pre-opening costs	-	216

These costs were incurred for the refurbishment at Marlborough.

6. Operating (loss)/profit

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

	2018	2017
	£000	£000
Depreciation of tangible assets	692	654
Operating lease rentals	741	727

7. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**21**	20

Fees payable to the Company's auditors in respect of:

	2018 £000	2017 £000
Taxation compliance services	**4**	4
All other services	**3**	2
	7	6

8. Employees

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

	2018 £000	2017 £000
Wages and salaries	**4,642**	4,580
Social security costs	**323**	349
Other pension costs	**43**	21
	5,008	4,950

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

	2018 Number	2017 Number
Restaurant	**242**	236
Administration	**8**	7
	250	243

9. Directors' remuneration and key management compensation

	2018 £000	2017 £000
Aggregate Directors' emoluments	**125**	122
Company contributions to defined contribution pension schemes	**11**	11
	136	133

During the period retirement benefits were accruing to 1 Directors (2017: 1) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

	2018 £000	2017 £000
On loans from associated company	**326**	297

11. Tax on loss

	2018 £000	2017 £000
Corporation tax		
Current tax on loss for the period	**-**	2
Adjustments in respect of previous periods	**(2)**	(11)
Total current tax	**(2)**	(9)
Deferred tax		
Origination and reversal of timing differences	**(25)**	72
Changes to tax rates	**2**	(8)
Adjustments to prior periods	**(32)**	54
Total deferred tax	**(55)**	118
Total tax	**(57)**	109

11. Tax on loss (continued)

Factors affecting tax (credit)/charge for the period

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

	2018 £000	2017 £000
Loss before taxation	**(378)**	(48)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	**(72)**	(9)
Effects of:		
Expenses not deductible for tax purposes	**47**	83
Changes in tax rate	**2**	(8)
Adjustments for prior periods	**(34)**	43
Total tax (credit)/charge for the period	**(57)**	109

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 this enacted tax rate and reflected in these financial statements.

12. Tangible assets

	Long-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2018	**1,971**	**6,584**	**8,555**
Additions	**-**	**156**	**156**
At 30 December 2018	**1,971**	**6,740**	**8,711**
Accumulated depreciation			
At 1 January 2018	**239**	**933**	**1,172**
Charge for the period	**137**	**555**	**692**
At 30 December 2018	**376**	**1,488**	**1,864**
Net book value			
At 30 December 2018	**1,595**	**5,252**	**6,847**
At 31 December 2017	1,732	5,651	7,383

13. Stocks

	30 December 2018 £000	31 December 2017 £000
Raw materials and consumables	**149**	125

Stock recognised in cost of sales during the period as an expense was £3,375,000 (2017: £3,457,000).

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.

14. Debtors

	30 December 2018 £000	31 December 2017 £000
Trade debtors	22	13
Other debtors	12	245
Prepayments and accrued income	560	212
	594	470

15. Cash at bank and in hand

	30 December 2018 £000	31 December 2017 £000
Cash at bank and in hand	347	344

16. Creditors: amounts falling due within one year

	30 December 2018 £000	31 December 2017 £000
Trade creditors	558	448
Amounts owed to associated undertakings	7,439	7,485
Corporation tax	5	9
Other taxation and social security	383	376
Other creditors	76	75
Accruals and deferred income	255	332
	8,716	8,725

17. Deferred tax

	2018 £000
At beginning of period	**(95)**
Credited to profit or loss	**23**
Adjustment in respect of prior years	**32**
At end of period	**(40)**

The provision for deferred taxation is made up as follows:

	30 December 2018 £000	31 December 2017 £000
Accelerated capital allowances	**(294)**	(310)
Tax losses carried forward	**255**	216
Short term timing differences - trading	**(1)**	(1)
	(40)	(95)

18. Called up share capital

	30 December 2018 £000	31 December 2017 £000
Allotted, called up and fully paid		
120,000 (2017: 120,000) Ordinary shares of £0.01 each	**1**	1

19. 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.

20. 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 £43,000 (2017: £21,000).

21. 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	**738**	727
Later than 1 year and not later than 5 years	**2,952**	2,908
Later than 5 years	**6,682**	7,350
	10,372	10,985

22. Related party transactions

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

23. Ultimate parent undertaking and controlling party

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

24. Post balance sheet events

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