

Stein's Trading Limited

**Annual Report and Financial Statements
Period from 3 January 2022 to 1 January 2023**

Registration number: 09190817

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Stein's Trading Limited

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Stein's Trading Limited

Company Information

Directors	Mr C R Stein
	Ms J Stein
	Mr I Fitzgerald
	Mr C Stein
	Mr E Stein
	Mr J H Stein
	Dr M Hixon
	Mr R Banks
Registered office	The Seafood Restaurant Riverside Padstow Cornwall PL28 8BY
Bankers	Barclays Bank Plc 14 King Street Truro Cornwall TR1 2RB
Auditors	PKF Francis Clark Statutory Auditor Lowin House Tregolls Road Truro Cornwall TR1 2NA

Stein's Trading Limited

Strategic Report for the Period from 3 January 2022 to 1 January 2023

The directors present their strategic report for the period from 3 January 2022 to 1 January 2023.

Principal activity

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

Fair review of the business

Trading

The results for the period are set out on page 13.

2022 was a challenging year for Hospitality and in turn the business. The year started off well despite trade being disrupted by the shadow of the Omicron variant of the Coronavirus but as Spring approached the war in Ukraine had a significant impact on our trading environment. The rapid increase in our supply chain costs caused by the volatile energy markets was unprecedented. Fish and oil were amongst the most adversely affected commodities and resulted in an erosion of profit margin. In addition, the well documented shortage of supply in the labour market (particularly in the hospitality sector) restricted our opportunity to trade to capacity during 2022.

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 our booking systems and Trust Pilot;
- Staff retention - Focus to reduce staff turnover; and
- Staff Engagement surveys.

All potential capital projects are subjected to payback and cash flow investment appraisal techniques which are stress tested to ensure that informed investment decisions can be taken.

Stein's Trading Limited

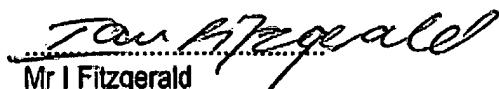
Strategic Report for the Period from 3 January 2022 to 1 January 2023

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 - There has been an increase in import taxes and it is challenging to recruit staff from the EU.
- Competition from other hospitality providers;
- People - Being able to retain a strong executive team and recruit and retain local managers, chefs and employees with the right skills and experience.
- Supply chain - Being able to obtain 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 due to inflation; and
- Reliance on Systems infrastructure - Cyber/IT security.

Approved by the Board on 31/08/2023 and signed on its behalf by:


Mr I Fitzgerald
Director

Stein's Trading Limited

Directors' Report for the Period from 3 January 2022 to 1 January 2023

The directors present their report and the financial statements for the period from 3 January 2022 to 1 January 2023.

Directors of the company

The directors who held office during the period were as follows:

Mr C R Stein

Ms J Stein

Mr I Fitzgerald

Mr C Stein

Mr E Stein

Mr J H Stein

Dr M Hixon

Mr R Banks

Results and dividends

The loss before tax for the financial period amounted to £1,203,000 (2022 - profit of £1,645,000).

No dividends were declared or paid during the period (2022 - £nil).

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 278 (2021 - 282).

Employee engagement

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

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.

Stein's Trading Limited

Directors' Report for the Period from 3 January 2022 to 1 January 2023

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.

The funding for the business has partially been provided through a loan from Seafood Trading Limited, a related company and partly through a bank loan from Barclays Bank on which interest is paid on a floating rate basis above 2.3% per annum above the Bank of England bank rate.

Employment of disabled persons

We have clear standards to ensure fairness and flexibility in our approach - a documented dignity at work policy that details our expectations and standards in relation to inclusivity and fairness, our managers are supported to ensure that we consider all applications on merit, enabling our recruitment process to be fair and objective, with no requirement for any applicant to disclose any sensitive details during the application stage. In the event that we are advised of a disability post-job offer, reasonable adjustments are discussed and agreed upon to ensure individual potential is fulfilled.

We have not encountered a scenario where an employee of the company has become disabled during their employment with the company during the financial year, however, in such circumstances we would uphold our responsibility to ensure that any matters of physical or mental wellbeing were openly discussed with reasonable adjustments agreed to ensure that continued employment can be sustained, with any training provided as appropriate.

As an inclusive employer, we ensure that training and career opportunities are made available to every member of our team, with a dedicated approach to internal selection that ensures all applicants are invited to discuss their interest in an opportunity, with feedback provided post-interview.

Stein's Trading Limited

Directors' Report for the Period from 3 January 2022 to 1 January 2023

Going concern

These financial statements have been prepared on a going concern basis. The Board is confident that in the current circumstances the group will generate sufficient net internal cash flows and have adequate undrawn bank facilities to meet all of its needs for a period of at least 12 months from the date of signing these financial statements. At 2nd January 2023 the company had £5.6m of available headroom within its existing bank loan facility.

The economic outlook for the year ahead appears more stable and the hospitality sector has welcomed the continuation of government support in the form of 50% business rate relief and a freeze on alcohol duty. The largest business challenge we anticipate facing in 2023 is the ability to maximise revenue from reduced customer numbers. Although inflation is still tracking in excess of 8%, we have implemented a number of actions that reduce our exposure to excessive costs and increase our ability to be agile in reacting to our trading environment. The company has produced a financial model which allows the Board to see the impact of these cost increases on the likely forecast outturn for 2023. The model enables a variety of sensitivity analyses to be performed including assessing the impact of increased cost pressures, reducing trade and the impact on reduced operating profit.

The Board has considered an extreme downside scenario that reflects the uncertainty in the UK economy around reduced footfall & general inflationary pressures. The results of this scenario show that we would still be able to operate with adequate cashflow.

In July 2023 the company transitioned from a £5.6m loan facility to a £3m RCF which also supports a related company (Seafood Trading Limited). The term of the agreement is 3 years and the company is required to comply with two financial covenants on a quarterly basis. A leverage test and an EBITDAR (fixed charge) test. Based on our most recent reforecast we are confident that we will be able to meet these covenant tests for a period of at least 12 months from the date of signing these financial statements.

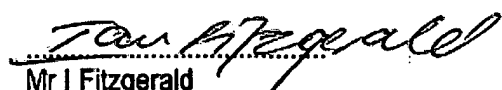
The company continues to have strong, long-term supportive relationships with its bankers and remains in regular dialogue with them.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

31/08/2023

Approved by the Board on and signed on its behalf by:


Mr I Fitzgerald
Director

Stein's Trading Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Stein's Trading Limited

Independent Auditor's Report to the Members of Stein's Trading Limited

Opinion

We have audited the financial statements of Stein's Trading Limited (the 'company') for the period from 3 January 2022 to 1 January 2023, which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 January 2023 and of its loss for 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Stein's Trading Limited

Independent Auditor's Report to the Members of Stein's Trading Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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 financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Stein's Trading Limited

Independent Auditor's Report to the Members of Stein's Trading Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor Responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company at the planning stage of the audit. Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the company's licence to operate. In making this assessment we determined that the most significant elements of legislation which impact the restaurant and hotel operations of the group include food standards and licencing laws, employment laws and regulations, and health and safety legislation.

Stein's Trading Limited

Independent Auditor's Report to the Members of Stein's Trading Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none in the year.
- Considering the filings made at Companies House, and any omissions thereon of which there were none identified.
- Reviewing the most recent Food Hygiene Ratings awarded to the restaurants, and where there had been visits discussing with management their findings.
- Reviewing external fire risk assessment reports in addition to external health and safety compliance reviews and workplans.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale for significant transactions outside the normal course of business, of which there were none.
- Reviewing estimates and judgements made in the accounts for any indication of bias and challenging assumptions used by management in making the estimates.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Stein's Trading Limited

Independent Auditor's Report to the Members of Stein's Trading Limited

Use of our report

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



.....
Michael Bentley ACA DChA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Lowin House
Tregolls Road
Truro
Cornwall
TR1 2NA

Date: 29/09/2023

Stein's Trading Limited

Statement of Income and Retained Earnings

Period from 3 January 2022 to 1 January 2023

	Note	3 January 2022 to 1 January 2023 £ 000	4 January 2021 to 2 January 2022 £ 000
Turnover	3	12,575	11,771
Cost of sales		<u>(3,888)</u>	<u>(3,130)</u>
Gross profit		8,687	8,641
Administrative expenses		(8,823)	(8,548)
Other operating income	4	-	977
Exceptional items	9	<u>(873)</u>	<u>731</u>
Operating (loss)/profit	5	(1,009)	1,801
Interest payable and similar charges	10	<u>(194)</u>	<u>(156)</u>
(Loss)/profit before tax		(1,203)	1,645
Taxation	11	<u>139</u>	<u>(427)</u>
(Loss)/profit for the financial period		(1,064)	1,218
Retained earnings brought forward		<u>(109)</u>	<u>(1,327)</u>
Retained earnings carried forward		<u>(1,173)</u>	<u>(109)</u>

The notes on pages 16 to 29 form an integral part of these financial statements.


Stein's Trading Limited

Balance Sheet

1 January 2023

	Note	01 January 2023 £ 000	02 January 2022 £ 000
Fixed assets			
Tangible assets	12	3,363	4,803
Current assets			
Stocks	13	141	129
Debtors	14	1,681	280
Cash at bank and in hand	15	1,097	3,924
		<u>2,919</u>	<u>4,333</u>
Creditors: Amounts falling due within one year	16	<u>(2,086)</u>	<u>(3,321)</u>
Net current assets		<u>833</u>	<u>1,012</u>
Total assets less current liabilities		4,196	5,815
Creditors: Amounts falling due after more than one year	16	(5,133)	(5,600)
Provisions for liabilities	20	<u>(230)</u>	<u>(318)</u>
Net liabilities		<u><u>(1,167)</u></u>	<u><u>(103)</u></u>
Capital and reserves			
Called up share capital		1	1
Share premium reserve	22	5	5
Profit and loss account	22	<u>(1,173)</u>	<u>(109)</u>
Shareholders' deficit		<u><u>(1,167)</u></u>	<u><u>(103)</u></u>

Approved and authorised by the Board on 31/08/2023 and signed on its behalf by:


 Mr I Fitzgerald
 Director

Company Registration Number: 09190817

Stein's Trading Limited

Statement of Cash Flows

Period from 3 January 2022 to 1 January 2023

		3 January 2022 to 1 January 2023 £ 000	4 January 2021 to 2 January 2022 £ 000
	Note		
Cash flows from operating activities			
(Loss)/profit for the period		(1,064)	1,218
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	721	731
Impairment of fixed assets	12	873	-
Finance costs	10	194	156
Corporation tax	11	(139)	427
		585	2,532
Working capital adjustments			
(Increase)/decrease in stocks	13	(12)	8
Increase in debtors	14	(1,400)	(34)
Increase in creditors	16	162	28
Increase in provisions	20	50	-
Increase/(decrease) in amounts owed to associates		(1,240)	(165)
Cash generated from operations		(1,855)	2,369
Corporation tax paid	11	(157)	-
Net cash flow from operating activities		(2,012)	2,369
Cash flows from investing activities			
Acquisitions of tangible assets		(154)	(101)
Cash flows from financing activities			
Interest paid		(194)	(156)
Repayment of bank borrowing		(467)	(933)
Net cash flows from financing activities		(661)	(1,089)
Net (decrease)/increase in cash and cash equivalents		(2,827)	1,179
Cash and cash equivalents at 3 January		3,924	2,745
Cash and cash equivalents at 1 January	15	1,097	3,924

The notes on pages 16 to 29 form an integral part of these financial statements.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

The Seafood Restaurant

Riverside

Padstow

Cornwall

PL28 8BY

England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Going concern

These financial statements have been prepared on a going concern basis. The Board is confident that in the current circumstances the group will generate sufficient net internal cash flows and have adequate undrawn bank facilities to meet all of its needs for a period of at least 12 months from the date of signing these financial statements. At 2nd January 2023 the company had £5.6m of available headroom within its existing bank loan facility.

The economic outlook for the year ahead appears more stable and the hospitality sector has welcomed the continuation of government support in the form of 50% business rate relief and a freeze on alcohol duty. The largest business challenge we anticipate facing in 2023 is the ability to maximise revenue from reduced customer numbers. Although inflation is still tracking in excess of 8%, we feel we have implemented a number of actions that reduce our exposure to excessive costs and increase our ability to be agile in reacting to our trading environment. The company has produced a financial model which allows the Board to see the impact of these cost increases on the likely forecast outturn for 2023. The model enables a variety of sensitivity analysis to be performed including assessing the impact of increased cost pressures, reducing trade and the impact on reduced operating profit.

The Board has considered an extreme downside scenario that reflects the uncertainty in the UK economy around reduced footfall & general inflationary pressures. The results of this scenario show that we would still be able to operate with adequate cashflow.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

In July 2023 the company transitioned from a £5.6m loan facility to a £3m RCF which also supports a related company (Seafood Trading Limited). The term of the agreement is 3 years and the company is required to comply with two financial covenants on a quarterly basis. A leverage test and an EBITDAR (fixed charge) test. Based on our most recent reforecast we are confident that we will be able to meet these covenant tests for a period of at least 12 months from the date of signing these financial statements.

The company continues to have strong, long-term supportive relationships with its bankers and remains in regular dialogue with them.

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

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

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

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises food and beverage revenue at the point of sale.

Turnover derives from the company activities which are wholly undertaken within the UK.

Finance income and costs policy

Finance costs are charged to the Statement of Income and Retained Earnings 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.

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long-term leasehold property	Over the life of the lease
Fixtures and fittings	5% - 33% straight line

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Defined contribution pension obligation

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 Income and Retained Earnings 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.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

Critical accounting estimation uncertainty

Management evaluate estimates and judgements on an annual basis, and are based on historical experience and the other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates applied by management are as outlined below:

Depreciation and useful economic lives of tangible assets

Management have carefully considered the depreciation estimates applied on the tangible assets held by the group. This assessment is performed on an annual basis, and would be amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of each asset.

Gift voucher provision

Management apply an annual provision against the payments on account creditor to release a proportion of gift vouchers which are unlikely to be redeemed into revenue. The provision is calculated as a proportion of unredeemed gift vouchers within certain specified age groups with the older vouchers being more heavily provided against.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

3 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.

4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	01 January 2023 £ 000	02 January 2022 £ 000
Government grants	-	977

During the year the company received grant income of £nil (2022 - £918,000) from the Government under the Coronavirus Job Retention Scheme and £nil (2022 - £59,000) of business support grants from Local Authorities. £nil (2022 - £nil) of this grant income was receivable at the balance sheet date.

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	01 January 2023 £ 000	02 January 2022 £ 000
Depreciation expense	721	731
Impairment loss	873	-
Operating lease expense - property	717	828
Operating lease expense - plant and machinery	3	3

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	01 January 2023 £ 000	02 January 2022 £ 000
Wages and salaries	4,738	4,694
Social security costs	335	308
Pension costs, defined contribution scheme	95	61
	5,168	5,063

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	01 January 2023 No.	02 January 2022 No.
Restaurant	274	278
Administration	4	4
	<u>278</u>	<u>282</u>

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	01 January 2023 £ 000	02 January 2022 £ 000
Remuneration	182	201
Company contributions to defined contribution pension schemes	2	1
	<u>184</u>	<u>202</u>

During the period the number of directors who were receiving benefits and share incentives was as follows:

	01 January 2023 No.	02 January 2022 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	01 January 2023 £ 000	02 January 2022 £ 000
Remuneration	180	201
Company contributions to money purchase pension schemes	<u>2</u>	<u>1</u>

8 Auditor's remuneration

	01 January 2023 £ 000	02 January 2022 £ 000
Audit of the financial statements	<u>10</u>	<u>10</u>
Other fees to auditors		
Taxation compliance services	5	4
All other non-audit services	<u>3</u>	<u>3</u>
	<u>8</u>	<u>7</u>

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

9 Exceptional items

Items which are material either because of their size or their nature, or which are non-recurring, are presented within their relevant income statement category. The separate reporting of exceptional items helps provide a clear picture of the company's underlying performance.

An analysis of the amount presented as an exceptional item in these financial statements is given below and is in respect of:

	01 January 2023 £ 000	02 January 2022 £ 000
Funds received from the settlement of a dispute	-	731
Impairment of fixed assets	(873)	-
	<u>(873)</u>	<u>731</u>

The directors have undertaken a review of tangible fixed assets and have identified that assets with a total net book value of £873,000 (2022 - £nil) should be impaired.

10 Interest payable and similar expenses

	01 January 2023 £ 000	02 January 2022 £ 000
Interest on bank overdrafts and borrowings	<u>194</u>	<u>156</u>

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

11 Taxation

Tax charged/(credited) in the profit and loss account

	3 January 2022 to 1 January 2023 £ 000	4 January 2021 to 2 January 2022 £ 000
Current taxation		
UK corporation tax	-	157
UK corporation tax adjustment to prior periods	(1)	-
	(1)	157
Deferred taxation		
Arising from origination and reversal of timing differences	(138)	270
Tax (receipt)/expense in the income statement	(139)	427

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK of 19% (2022 -19%).

The differences are reconciled below:

	01 January 2023 £ 000	02 January 2022 £ 000
(Loss)/profit before tax	(1,203)	1,645
Corporation tax at standard rate	(229)	312
(Decrease)/increase from effect of different UK tax rates on some earnings	(36)	60
Expenses not deductible for tax purposes	122	61
Increase from tax losses for which no deferred tax asset was recognised	13	-
Decrease from effect of tax incentives	(8)	(6)
Adjustment to current tax for prior periods	(1)	-
Total tax (credit)/charge	(139)	427

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

Deferred tax

Deferred tax assets and liabilities

	Liability £ 000
2023	
Accelerated capital allowances	182
Short term timing differences - trading	(2)
	<u>180</u>
2022	
Accelerated capital allowances	329
Tax losses carried forward	(10)
Short term timing differences - trading	(1)
	<u>318</u>

There are £54,000 of unused tax losses (2022 - £Nil) for which no deferred tax asset is recognised in the balance sheet.

An increase in the long-term UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred tax balances have been remeasured to reflect this higher long-term rate, with differences recognised in the current year tax charge.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

12 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 3 January 2022	1,931	6,773	8,704
Additions	-	154	154
At 1 January 2023	1,931	6,927	8,858
Depreciation			
At 3 January 2022	770	3,131	3,901
Charge for the period	135	586	721
Impairment	-	873	873
At 1 January 2023	905	4,590	5,495
Carrying amount			
At 1 January 2023	1,026	2,337	3,363
At 2 January 2022	1,161	3,642	4,803

Included within the net book value of land and buildings above is £1,026,000 (2022 - £1,161,000) in respect of long leasehold land and buildings.

13 Stocks

	01 January 2023 £ 000	02 January 2022 £ 000
Raw materials and consumables	141	129

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

14 Debtors

	Note	01 January 2023 £ 000	02 January 2022 £ 000
Trade debtors		212	22
Amounts owed by associated undertakings	24	1,220	-
Other debtors		4	65
Prepayments and accrued income		244	193
Income tax asset	11	1	-
		<u>1,681</u>	<u>280</u>

15 Cash and cash equivalents

		01 January 2023 £ 000	02 January 2022 £ 000
Cash on hand		5	-
Cash at bank		<u>1,092</u>	<u>3,924</u>
		<u>1,097</u>	<u>3,924</u>

16 Creditors

	Note	01 January 2023 £ 000	02 January 2022 £ 000
Due within one year			
Loans and borrowings	17	467	467
Payments on account		263	337
Trade creditors		612	411
Amounts owed to associated undertakings	24	-	1,240
Corporation tax		-	157
Social security and other taxes		309	234
Outstanding defined contribution pension costs		13	13
Other creditors		18	59
Accruals and deferred income		<u>404</u>	<u>403</u>
		<u>2,086</u>	<u>3,321</u>
Due after one year			
Loans and borrowings	17	<u>5,133</u>	<u>5,600</u>

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

17 Loans and borrowings

	01 January 2023 £ 000	02 January 2022 £ 000
Current loans and borrowings		
Bank borrowings	<u>467</u>	<u>467</u>
Non-current loans and borrowings		
Bank borrowings	<u>5,133</u>	<u>5,600</u>

Secured loans

The loans and borrowings are secured under the freehold properties; The Seafood Restaurant, St. Petrocs, The Cafe, St. Edmunds and Prospect House. These freehold properties are owned by a related company, The Seafood Restaurant (Padstow) Limited.

Interest is charged on the £7m loan facility on a floating rate basis, which means the margin cannot fall below 2.3% per annum.

18 Reconciliation of net debt

	At 03 January 2022 £'000	Cash flow £'000	Other non cash changes £'000	At 01 January 2023 £'000
Cash on hand	-	5	-	5
Cash at bank	3,924	(2,832)	-	1,092
Cash and cash equivalents	<u>3,924</u>	<u>(2,827)</u>	<u>-</u>	<u>1,097</u>
Bank loans less than one year	(467)	467	(467)	(467)
Bank loans more than one year	(5,600)	-	467	(5,133)
Net debt	<u>(2,143)</u>	<u>(2,360)</u>	<u>-</u>	<u>(4,503)</u>

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	01 January 2023 £ 000	02 January 2022 £ 000
Not later than one year	769	783
Later than one year and not later than five years	3,074	3,075
Later than five years	3,863	4,632
	<u>7,706</u>	<u>8,490</u>

20 Deferred tax and other provisions

	Deferred tax £ 000	Other provisions £ 000	Total £ 000
At 3 January 2022	318	-	318
Additional provisions	-	50	50
Credited to profit or loss	<u>(138)</u>	<u>-</u>	<u>(138)</u>
At 1 January 2023	<u>180</u>	<u>50</u>	<u>230</u>

Other provisions consists of dilapidations provisions totalling £50,000 (2022 - £nil) relating to the company's leasehold properties.

21 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £95,000 (3 January 2022 - £61,000).

Contributions totalling £13,000 (3 January 2022 - £13,000) were payable to the scheme at the end of the period and are included in creditors.

22 Reserves

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

Retained earnings represents the accumulated profits, losses and distributions of the Company.

Stein's Trading Limited

Notes to the Financial Statements

Period from 3 January 2022 to 1 January 2023

23 Share capital

Allotted, called up and fully paid shares

	1 January 2023		2 January 2022	
	No. 000	£000	No. 000	£ 000
Ordinary of £0.01 each	120	1.20	120	1.20

24 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 Seafood Trading Limited owed the Company £1,220,000 (2022 - the Company owed Seafood Trading Limited £1,240,000).

The loans and borrowings are secured under the freehold properties; The Seafood Restaurant, St. Petrocs, The Cafe, St. Edmunds and Prospect House. These freehold properties are owned by a related company, The Seafood Restaurant (Padstow) Limited.

26 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.