

HBN Restaurants Limited

Strategic Report *(continued)*

Year ended 31 December 2021

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company continued to operate as unlicensed restaurants during the year.

The directors report that profits on ordinary activities before taxation in 2021 increased significantly to £5,142,847 from £2,008,956 achieved in 2020.

Following the Covid-19 lockdowns in 2020 the company's turnover rebounded by 58% in 2021 to £48,785,240 and gross profit increased to 39% whilst operating profit increased to 11%.

Total comprehensive income for the year after taxation was £4,194,352 (2020: £1,620,794) out of which dividends of £1,860,782 were paid (2020: £817,183).

The company has maintained a positive liquidity position, with net current assets amounting to £5,842,203 at the year end date (2020: £4,345,188).

The company balance sheet at 31st December 2021 shows net assets of £8,598,441 (2020: £6,264,871).

The directors use a number of key performance indicators (KPIs) to assist them in the management of the business. The main KPIs are sales to target, cash at bank and gross profit.

The company's financial and other performance indicators during the year were as follows:

	2021 £	2020 £
Turnover	48,785,240	30,853,976
Profit on ordinary activities before taxation	5,142,847	2,008,956
Gross profit %	39	33
Net current assets	5,842,203	4,345,188
Average number of employees	1,026	997
Turnover per employee	47,549	30,947

FUTURE DEVELOPMENTS

Since the end of the financial year, the directors report that trading conditions have continued to remain favourable with increasing sales and profit margins and they look forward to future trading prospects with reasonable optimism.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has various financial instruments such as the availability of bank facilities, and trade creditors that arise directly from its operations. No trading in financial instruments is undertaken. The directors review and agree policies for managing each financial instrument risk and consider the company's exposure to such risks is well controlled.

ENGAGEMENT WITH EMPLOYEES

The company's long term success is determined by the commitment of our workforce and their demonstration of our company values on a daily basis. Employee relations and their health and safety are integral to the company's trading operations. We engage with our employees to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being.

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SUPPLIERS

We have a limited pool of large suppliers for our direct costs, who are fundamental to the quality of our products and to ensuring that as a business we meet the highest standards possible. At a local level we also use small independent family run businesses for our maintenance and operational expenditure.

CUSTOMERS

Customer satisfaction and service remain a priority for the company; we use customer surveys and questionnaires to monitor these on a regular basis to sustain and improve all current levels of performance.

LOCAL COMMUNITIES AND THE ENVIRONMENT

We aim to support the communities in the towns we operate in, by supporting local charities and schools both financially and through physical support from our restaurant teams. HBN Restaurants Limited is a strong supporter of RMHC as well as the children's hospice Jigsaw in Carlisle. We at HBN Restaurants recognise our responsibility to protect and preserve the environment for future generations. Our goals are to minimise water and energy consumption, continuously increase recycling rates and work in our local communities to have a positive effect on the environment through our support for Tidy Britain.

This report was approved by the board of directors on 26 September 2022 and signed on behalf of the board by:

Mrs S M Nicholls
Director

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