

Company Registration No. 05751533 (England and Wales)

SAKE NO HANA LIMITED
REPORT AND FINANCIAL STATEMENTS FOR
THE PERIOD ENDED
30 JUNE 2022

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SAKE NO HANA LIMITED
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022

Company Registration No. 05751533

	Note	30 June 2022 £'000	31 December 2020 £'000
ASSETS			
Non-current assets			
Property, plant and equipment			
Owned assets	8	-	177
Right-of-use assets	15	-	533
Investments	10	-	-
Refundable deposits		-	163
Total non-current assets		-	873
Current assets			
Cash and cash equivalents		25	204
Contract assets	9	-	-
Trade and other receivables	11	47	451
Inventories	12	-	96
Total current assets		72	751
TOTAL ASSETS		72	1,624
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,824	1,981
Lease liabilities	15	-	325
Total current liabilities		1,824	2,306
Non-current liabilities			
Lease liabilities	15	-	256
Total liabilities		1,824	2,562
NET LIABILITIES		(1,752)	(938)
CAPITAL AND RESERVES			
Called-up share capital	14	2,075	2,075
Capital contribution reserve		12,111	12,111
Retained losses		(15,938)	(15,124)
Total attributable to equity holders of the parent		(1,752)	(938)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

For the financial period ended 30 June 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The director acknowledges their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2023 and are signed on its behalf by

Director
D S Silberstein

The notes on pages 3 to 19 form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

1 General information

Sake No Hana Limited is a private company limited by shares and is registered and incorporated in England and Wales. The principal activity of the Company is that of restaurant operation. The registered office is Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0BL.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts on the basis that the Company is a wholly-owned subsidiary of Hakkasan Limited which is incorporated inside the European Economic Area and included in their consolidated accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its Group. The consolidated financial statements of Hakkasan Limited are available from Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0BL.

2 Significant accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the company applies the recognition and measurement requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The functional currency of Sake No Hana Limited is Pounds Sterling (£), which is also the currency of the primary economic environment in which the Company operates (functional currency). Monetary amounts in these financial statements are rounded to the nearest thousand £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the parent, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:-
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract
- Financial instrument disclosures, including:-
 - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
 - Income, expenses, gains and losses on financial instruments;
 - Details of credit losses, collateral, loan defaults or breaches;
 - Information about financial instruments that have been reclassified, derecognised, transferred or offset;
- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the number of shares outstanding;
- Disclosure of key management personnel compensation;
- Related party disclosures for transactions with the parent or wholly owned members of the group; and
- Disclosure of the objectives, policies and processes for managing capital.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2 Significant accounting policies (continued)

Going concern

During the period, the business has ceased trading and therefore management have concluded that the Company is no longer a going concern. No adjustments have been made in presenting the financial statements on a non-going concern basis.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each arrangement with a customer, the Company: identifies whether the arrangement meets the definition of a contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each performance obligation to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts or any other contingent events such as sales or usage-based royalties related to license of IP. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Whenever applicable, the Company applied the variable consideration allocation exception to recognise revenue for variable amount related to a distinct service that forms part of a single performance obligation.

Owned venues

Revenue from owned venue operations is the invoiced amount of goods and services, exclusive of service charges and Value Added Tax and other sales taxes, provided to customers during the period. Revenue is recognised at the point of service delivery to customers.

Managed venues

Revenue from managed venues is the consideration the Company receives for providing an integrated management service. Transaction consideration consists of a fixed fee and variable consideration. Fixed fee revenue is recognised on a straight-line basis over the contract term, while the variable consideration is allocated entirely to a distinct annual service that forms the single performance obligation - the management service. The contract term starts when pre-opening development service begins and ends when a specified operating period, typically 10 years, has been reached.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2 Significant accounting policies (continued)

Revenue recognition (continued)

Upfront fees associated with the pre-opening services will be deferred and recognised over the initial contract term, starting upon the opening date of the venue. Related costs will be capitalised and amortised over the same period.

The Company's trade receivables are all related to the value of revenue receivable from contracts with customers.

The Company's contract liabilities balances are primarily related to advance payment for pre-opening development service made by customers upon signing a contract. The contract liabilities balance will typically be recognised in revenue within twelve to eighteen months.

The Company has taken the following practical expedients from IFRS 15:

- The Company need not adjust the promised amount of consideration for the effects of a significant financing component if the expectation is that, at contract inception, the period between when the Company transfers a promised service to a customer and when the customer pays for that service will be one year or less; and
- Recognising incremental costs of obtaining a contract as an expense when incurred if the amortisation period for the asset that would have otherwise been recognised would be one year or less.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2 Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Assets in the course of construction represent the direct costs associated with the construction of assets which have yet to open to the public. No depreciation is charged until the asset is ready for use and is subsequently transferred to the appropriate class of property and equipment or intangible asset.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and equipment over their expected useful lives as follows:

Leasehold improvements	10 years or period of the space lease, if shorter
Equipment and machinery	3 to 5 years
Fixtures and fittings	5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs.

Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2 Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially measured at their transaction price.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable.

The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Inventories

Raw materials are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Inventories are expensed in the same period revenue is recognised.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Leases

The Group adheres to IFRS 16 which follows a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term. At 30 June 2022 and 31 December 2020, the Company has no items of property and equipment leased under finance leases.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the company is reasonably certain to exercise and termination periods that the company is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependent on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss. Variable lease payments not included in the measurement of the lease as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2 Significant accounting policies (continued)

Leases (continued)

When the lease liability is re-measured due to changes arising from the original terms and conditions of the lease, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

A lease modification that was not part of the original terms and conditions of the lease is accounted for as a separate lease or an adjustment to the lease liability depending on the nature of the change.

Cash

Cash includes cash on hand and deposits held at the bank.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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 to 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 statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Value Added Tax (VAT) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2 Significant accounting policies (continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received in the period were towards staff wage costs under the job retention scheme during COVID-19. The grant is recognised as other operating income over the period necessary to match with the related wage expense.

3 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from management contracts and license of franchise rights

Revenue from managed and licensed venues is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control of the promised goods or services to the customer. When the transaction price includes a variable consideration, the Company has applied the variable consideration allocation exception to contracts of managed venues. The Company has also applied the royalty recognition constraint to sales-based royalty on licenses of intellectual property in contracts of licensed venues.

In situations where management contracts contains more than one performance obligation such as development of multiple entertainment venues, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices.

The Company's determination of the stand-alone selling price varies based on the type of venue, luxury level of brand name and geographic location of the venue. Generally, the stand-alone selling price for management services reflect the market prices.

Customers' payments for managed and licensed venue are quarterly or annually in arrears except for the advance payment related to pre-opening development. The Company recognises deferred revenue (contract liability) if consideration has been received (or has become receivable) before the Company transfers the promised goods or services to the customer. Deferred revenue mainly results from the advance payments in contracts of managed and licensed venues.

Deferred tax assets

The Company has substantial tax losses available for carry forward against future trading profits. In view of the quantum of these losses compared to the assessment of the quantum of future profitability in the near future and restrictions which may be placed on the availability of those losses (see note 7), no deferred tax asset has been recognised at this time.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3 Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation charges for its property and equipment (see note 8). The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Leases

The Company has applied judgement in applying the following transition provisions in IFRS 16:

- Determining whether leases have similar characteristics to apply a single discount rate.

A single discount rate has been applied to all leases on the basis that all relate to real estate and although the term varies from lease to lease, adjustments to the lease term does not materially affect the value of the lease liability. The Global Group's incremental borrowing rate is 5.75 percent per annum, which reflects the fixed rate at which the company could borrow an amount similar to the value of the right-of-use asset, in the same currency.

4 Revenue

An analysis of the Company's revenue from contracts with customers is as follows:

	30 June 2022 £'000	31 December 2020 £'000
<i>Disaggregation of major sources of revenue:</i>		
Sale of goods	1,224	1,383
Rendering of services	-	263
	<u>1,224</u>	<u>1,646</u>
<i>Disaggregation of major sources of revenue:</i>		
Sale of food	1,046	1,134
Sale of beverage	152	244
Management fees	-	263
Other	26	5
	<u>1,224</u>	<u>1,646</u>
<i>Disaggregation of revenue by geographical region:</i>		
United Kingdom	1,224	1,383
Rest of the World	-	263
	<u>1,224</u>	<u>1,646</u>
<i>Timing of revenue recognition – performance obligations satisfied:</i>		
At a point in time	1,224	1,383
Over time	-	263
	<u>1,224</u>	<u>1,646</u>

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

4 Revenue (continued)

At 30 June 2022, the Company had no contract liabilities representing the transaction price allocated to performance obligations satisfied but not yet billed to customers (31 December 2020 - £Nil). At 30 June 2022 and 31 December 2020, the Company had no contract liabilities representing the transaction price allocated to performance obligations that are unsatisfied.

5 Expenses by nature

Other administrative expenses include the following expenses by nature:

	Note	30 June 2022 £'000	31 December 2020 £'000
Salary and payroll related expenses	6	682	746
General and administrative		723	466
Sales and marketing		91	185
Other leasing charges		(18)	241
		<u>1,478</u>	<u>1,638</u>

Operating (loss) for the period is stated after charging/(crediting):

	30 June 2022 £'000	31 December 2020 £'000
Depreciation of owned tangible fixed assets	47	59
Cost of stocks recognised as an expense	353	352
Impairment of contract asset	-	35
	<u></u>	<u></u>

Other operating income

The Company received £103k (December 2020 - £43k) of government furlough support in the period that was recognised as other operating income in the income statement.

6 Employees

The average monthly number of persons (including Directors) employed during the period was:

	30 June 2022 No.	31 December 2020 No.
Operations	<u>21</u>	<u>58</u>

The director was not remunerated through the Company and was not a member of a money purchase scheme in the period.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

6 Employees (continued)

Their aggregate remuneration comprised of the following:

	30 June 2022 £'000	31 December 2020 £'000
Wages and salaries	575	660
Social security costs	66	64
Pension costs	10	22
	<u>651</u>	<u>746</u>

7 Taxation

	30 June 2022 £'000	31 December 2020 £'000
<i>Analysis of tax charge/(credit) for the period</i>		
<i>Current tax:</i>		
UK corporation tax	-	-
	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax charge/(credit)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Tax on profit from ordinary activities	-	-
	<u>-</u>	<u>-</u>
<i>Provision for deferred tax</i>		
<i>Movement in provision:</i>		
Provision at start of period	-	-
Deferred tax charge for the period	-	-
Provision at end of period	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7 Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% applied to profit before tax. The differences are explained below:

	30 June 2022 £'000	31 December 2020 £'000
Loss on ordinary activities before tax	(814)	(724)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19%	(155)	(138)
<i>Effects of:</i>		
Other differences	1	7
Expenses not deductible for tax purposes	10	2
Remeasurement of deferred tax for changes in tax rates	(17)	(172)
Movement in deferred tax not recognised	(1,694)	301
Group relief surrendered	14	-
Losses eliminated	1,841	-
Total tax charge for the period	-	-

At 30 June 2022, the Company has unrecognised deferred tax assets for losses of £71k (December 2020: £1,765k). The deferred tax assets remain unrecognised due to uncertainty that the Company will have sufficient taxable profits of the right type in the right entities to utilise these deferred tax assets in the near future.

In March 2021 the Chancellor announced that the main rate of corporation tax would increase from 19% to 25% from 1 April 2023. This was enacted on 24 May 2021.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
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8	Property, plant and equipment	Leasehold improvements £'000	Equipment and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>						
At 1 January 2020	1,177	217	172	97	1,663	
Additions	4	5	42	5	56	
Disposals	(1,113)	(123)	(66)	(9)	(1,321)	
At 31 December 2020	68	99	148	83	398	
<i>Depreciation</i>						
At 1 January 2020	1,130	176	120	57	1,483	
Provision for the period	6	19	19	15	59	
Disposals	(1,113)	(123)	(66)	(19)	(1,321)	
At 31 December 2020	23	72	73	53	221	
<i>Carrying amount</i>						
At 31 December 2020	45	27	75	30	177	
At 31 December 2019	47	41	52	40	180	

The notes form part of the financial statements.

SAKE NO HANA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

8 Property, plant and equipment (continued)

	Leasehold improvements £'000	Equipment and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>					
At 1 January 2021	68	99	148	83	398
Additions	-	-	-	-	-
Disposals	(68)	(99)	(148)	(83)	(398)
At 30 June 2022	-	-	-	-	-
<i>Depreciation</i>					
At 1 January 2021	23	72	73	53	221
Provision for the period	5	11	19	12	47
Disposals	(28)	(83)	(92)	(65)	(268)
At 30 June 2022	-	-	-	-	-
<i>Carrying amount</i>					
At 30 June 2022	-	-	-	-	-
At 31 December 2020	45	27	75	30	177

The notes form part of the financial statements.

SAKE NO HANA LIMITED
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FOR THE PERIOD ENDED 30 JUNE 2022

9 Contract balances: liabilities and assets

	30 June 2022 £'000	31 December 2020 £'000
<i>Contract assets reconciliation</i>		
Opening balance	-	34
Additions	-	-
Write-off	-	(34)
Closing balance	<u>-</u>	<u>-</u>

10 Investments

The Company directly owns 100% of the ordinary share capital of Chrysan Limited, incorporated in England. Chrysan Limited is a non-trading company and is dormant. The registered address of Chrysan Limited is Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0BL.

The investment is fully impaired with a carrying value of £Nil.

11 Trade and other receivables

	30 June 2022 £'000	31 December 2020 £'000
Trade receivables	-	35
Amounts due from global group undertakings	-	26
Other receivables	47	209
Prepayments	-	181
	<u>47</u>	<u>451</u>

The Company's trade receivables are non-interest-bearing. The majority of trade receivables relate to customers making payments on credit cards, these debts are typically settled within 10 days.

12 Inventories

	30 June 2022 £'000	31 December 2020 £'000
Raw materials and consumables	<u>-</u>	<u>96</u>

Inventory was impaired in the period following the termination of the London property lease - £71,000. (December 2020: £Nil). There is no significant difference between the replacement cost of raw materials and consumables and their carrying amounts.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
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13 Trade and other payables

	30 June 2022 £'000	31 December 2020 £'000
Trade payables	7	437
Amounts owed to Global Group undertakings	1,811	1,347
Other taxation and social security	-	34
Other payables	-	23
Accruals	6	140
	<u>1,824</u>	<u>1,981</u>

The amounts due to group undertakings are repayable on demand and do not bear interest.

14 Capital and reserves

	30 June 2022 £'000	31 December 2020 £'000
a) Ordinary shares		
<i>Authorised, issued and fully paid</i>		
2,075,000 ordinary shares of £1 each (2020: 2,075,000 ordinary shares of £1 each)	2,075	2,075
	<u>2,075</u>	<u>2,075</u>

Ordinary shares have full voting rights and rank equally for dividends and return of capital on a winding up.

b) Reserves

Capital contribution reserve

Capital contribution reserve represents working capital from the previous owners forgiven.

Retained losses

Retained losses represent cumulative profits or losses, net of dividends paid and other adjustments.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
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15 Leases

The financial impact of leases is as follows:

	Leased buildings £'000
Right-of-use assets	
At 1 January 2020	950
Depreciation	(417)
At 31 December 2020	<u>533</u>
At 1 January 2021	533
Depreciation	(242)
Disposal	(291)
At 30 June 2022	<u>-</u>

All right-of-use assets (ROU) capitalised relate to space lease rentals.

	Leased buildings £'000
Lease liabilities	
At 1 January 2020	888
Lease payments	(348)
Interest expense	41
At 31 December 2020	<u>581</u>
At 1 January 2021	581
Lease payments	(263)
Interest expense	24
Disposal	(342)
At 30 June 2022	<u>-</u>

Lease terms

The Company has a space lease rental used for its operations in the United Kingdom.

The Company has elected to account for lease and non-lease components together, for all asset classes. All property leases of the Company include non-lease components for common area maintenance activities provided by the lessor. As such, non-variable consideration in the lease contracts for both lease and non-lease components have been included in the Company's lease payments.

No variable lease payments dependent on an index or rate, purchase options, residual value guarantees or material lease incentives were noted in any of the Company's existing lease contracts.

On 19 November 2021, Sake No Hana Limited surrendered its London restaurant lease. As a result, the right-of-use assets and lease liabilities were written-off.

The notes form part of the financial statements.

SAKE NO HANA LIMITED
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16 Commitments

Capital commitments

At 30 June 2022, there was no significant capital expenditures contracted for at the end of the reporting period but not recognised within liabilities (31 December 2020: £Nil).

17 Ultimate parent company and controlling party

The Director regards the immediate parent company as Hakkasan Limited, which is registered and incorporated in England. Hakkasan Limited heads the smallest group into which the results and financial position of the Company are consolidated. Copies of the consolidated financial statements can be obtained from UK Companies House. Their registered address is Suite 1, 7th Floor 50 Broadway, London, United Kingdom, SW1H 0BL.

The ultimate controlling party of the Group was Mubadala Investment Company Registered address: Al Sila Tower, Plaza Level - 2nd Floor on Al Maryah Island, Floors 16 and 22, Abu Dhabi, United Arab Emirates.

On 27 April 2021, Hakkasan Limited were acquired by TAO Group, a private Company registered and incorporated in the United States of America. The Director regards Madison Square Garden Entertainment Corp, a publicly traded entity incorporated in the United States of America, as the Ultimate parent company from the 27 April 2021 and at the balance sheet date. Financial statements for the group are available from 2 Pennsylvania Plaza, New York, 10121, United States of America.

17 Post balance sheet events

On 3 May 2023, TAO Group Operating LLC, the parent company of Hakkasan Limited, together with other intermediary holding companies, were sold to a group headed by Mohari Hospitality Limited 'MHL', a private limited liability global investment company incorporated and registered in Cyprus. The directors therefore consider MHL to be the ultimate parent company from 3 May 2023. Financial statements for the group are available from 6 Aphrodite Street, Office 401, 1060 Nicosia, Cyprus.

At the date of signing the financial statements, the directors consider Igal Scheinberg to be the ultimate controlling party, given his controlling interest in MHL.

The notes form part of the financial statements.