

Company Registration No. 08251749 (England and Wales)

**SHORYU HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



**Sobell Rhodes LLP**  
**The Kinetic Centre**  
**Theobald Street**  
**Elstree**  
**Borehamwood**  
**Hertfordshire**  
**WD6 4PJ**

# SHORYU HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	K Tokumine R O-T Blanco H Tokumine A Muci T Awata T Sugiyama
<b>Secretary</b>	C Loo
<b>Company number</b>	08251749
<b>Registered office</b>	Unit B Premier Park Road Park Royal Middlesex United Kingdom NW10 7NZ
<b>Auditor</b>	Sobell Rhodes LLP The Kinetic Centre Theobald Street Elstree Borehamwood Hertfordshire United Kingdom WD6 4PJ

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# SHORYU HOLDINGS LIMITED

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# SHORYU HOLDINGS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business**

During the year ended 31 December 2020 the group recorded a net loss of £1,866,484 (2019: profit of £537,643) and a reduction of its turnover from £17,954,842 in 2019 to £6,969,359 in 2020.

The directors are pleased to report that overall the group traded satisfactorily in 2020 in a tough economic climate increased by Brexit uncertainty.

The unprecedented level of disruption in 2020 caused by the COVID-19 pandemic brought the majority of the country's economic activity to a standstill on 23 March 2020 under the 'stay at home' order and national lockdown imposed by the government. This resulted in the temporary closure of all sites except Stratford mixed use retail site and heightened the level of uncertainty for the group's trading results for the remainder of the year. The government announced a conditional plan for lifting the lockdown in May 2020 paving the way for restaurants to reopen on 4 July 2020 under strict social distancing rules. However, further restrictions that followed including a 10 p.m. curfew, Covid Tier System and the second and third lockdowns resulted in severe disruptions including multiple times of temporary closures and reopening following the first lockdown.

Furthermore, the government's roadmap out of the third national lockdown saw a delay in step 4 from 21 June to 19 July 2021 when restaurants and bars were allowed to trade in full without coronavirus restrictions. The first signs of the recruitment crisis reported in July continued to disrupt the post lockdown recovery with restaurants having to reduce menu availability and operating hours, close for business on certain days at the height of the crisis in October and November 2021. This was exacerbated by the emergence of the new Covid-19 variant *Omicron* first reported in UK on 27th November triggering new restrictions on 30th November and activation of Plan B of the England Autumn and Winter Covid 19 Strategy from 10 December 2021.

As a result of the pandemic related disruptions and closures, the mature locations (Regent Street, Denman Street, Carnaby Street, Liverpool Street and Stratford) recorded a sales decline of 60.7% when comparing 2020 figures to 2019 pre-pandemic levels whilst the emerging sites Covent Garden, New Oxford Street, and Shoreditch recorded a decline of 68.5%. The out of London locations, Manchester and Oxford City recorded a 58.2% decline. Shoryu White City operated under a concession was converted to a franchise kiosk operation effective 1 December 2019. Shoryu New Oxford Street site permanently closed on 5 October 2021 and is in the process of surrendering its lease in 2022. The details of the closure have been included in Note 27. The overall sales for the year declined by 62.0% when comparing 2020 figures to 2019 pre-pandemic levels.

At the time of approval of these financial statements all Shoryu sites were in operation except for the New Oxford Street site.

The full year forecast for 2021 after taking into account the impact of *Omicron* variant (in December) recorded a like for like recovery in sales -88.3% in quarter 1 (actual), -54.1% in quarter 2 (actual), -28.3% (actual) in quarters 3 and -25.5% (forecast) in quarter 4, a reduction of 48.2% (overall -47.3%) in 2021 sales compared to the pre-pandemic 2019 level. It is difficult to accurately forecast the severity of government's further responses to *Omicron* and future variants and the length of such restrictions. Based on recent experience of Shoryu post restriction recovery trajectory, the group estimates an overall 0.1% like for like sales recovery in 2022 against pre-pandemic levels in 2019. This is based on the assumptions that Plan B restrictions will be lifted by the end of January 2022 and that any further disruptions will be less severe with an acceleration of equitable worldwide vaccination initiatives, stability in the UK and the international socio-political environment.

The directors have also taken into consideration factors that may slowdown the pace of Central London footfall (12 weeks average 82% for week 46 of 2021 compared with 2019) recovery where most of the group's trading sites are located. Factors taken into consideration are the emergence of new Covid-19 variants, how long the plan B restrictions are likely to last (currently until 26 January 2022), extended restrictions to counter the threat of *Omicron* variant such as circuit breaker lockdown, subdued and restricted tourist arrivals due to travel guidance and longer than expected 'work from home if you can' government guidance. The company will continuously adapt to the opportunities presented by the pandemic, creating more unique and engaging experiences in physical sites as well as online platforms on the back of its success of the DIY meal kits operation.

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# SHORYU HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

		Unit	2020	2019
Turnover	£	6,969,359	17,954,842	
Gross Profit	£	2,690,775	9,935,915	
Gross Margin	%	39	55	
Net Profit / (loss) before tax	£	(1,866,484)	537,644	

#### Principal risks and uncertainties

The directors recognise that within the businesses there is a number of risks which may affect the performance of the group. These risks are subject to regular review and where appropriate, processes established to minimise the level of exposure.

Whilst there are welcome signs of global economic recovery in the medium to long term, factors such as the resurgence of COVID-19 variants, slow and inconsistent vaccine roll-out in developing countries together with the need to maintain stringent mobility restrictions in the face of more transmissible variants may constrain the pace of recovery and present downside risks that may cast further uncertainty to the forecasted recovery.

As applicable to the hospitality sector generally, the group will continue to be exposed to both post pandemic and Brexit economic conditions. The directors believe that the group is able to trade through a possible downturn in the economy post the crisis due to its strong customer loyalty, reputation of the brand, the strategic location of the trading outlets complemented by the option to access its products via online platforms and by regular monitoring of performance and continuous contingency planning.

#### COVID-19 response and contingency measures

The group has had to temporarily close (with the exception of the mixed use retail site at Westfield Stratford City) and adapt to takeaway and delivery only sites during the government imposed lockdowns and restrictions. The group forecasts incorporate mitigating action undertaken to reduce group costs. These include rent concessions, deferment and/or instalment payment arrangements with asset finance providers, creditors and HMRC, accessing government job retention schemes, management team pay cuts, accessing bank finance by way of Coronavirus Business Interruption Loan (CBILS) and Recovery Loan Scheme (RLS), participating in government Eat Out To Help Out Scheme, coronavirus business support grants, VAT reduction and business rates discount. In addition, Shoryu launched DIY meal kits and dark kitchen operations to serve its customers working from home, which have had a significant contribution towards mitigating losses.

#### Market conditions

With the expansion and consolidation of the UK ramen market in the years prior to the pandemic, the group has successfully retained its competitive edge maintaining its focus on ingredients and ability to cater to a diverse customer profile. This has enabled maintaining a balanced sales spread during the day and week. The majority of sales continue to be dominated by dining-in customers. However, the pandemic has also opened an opportunity to accelerate sales via online platforms.

The coronavirus operations planning has factored in the resilience of Shoryu (meaning 'rising dragon') and customer loyalty built up over the years, together with increased menu and accessible delivery options ensuring our customers individual needs are fully met whilst providing a safe and secure environment for both our customers and employees.

# SHORYU HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Going concern**

The group is exposed to financial risk through its financial assets and liabilities. The most important component of financial risk affecting the group is the liquidity risk. Tight working capital control together with detailed cash flow monitoring mitigate the liquidity risk.

Included in amounts falling due within one year is £840,000 due to Toridoll Holdings Corporation, the Japanese parent company of Toridoll Holding Limited (a shareholder of Shoryu Holdings Limited), relating to loans for expansion purposes which are repayable within the next 18 months.

Toridoll Holdings Corporation as in the past has been supporting the business by restructuring the loan repayments due to commence from July 2021, to be repayable over a longer period (12 monthly instalments from July 2022) on the assumption that trading will continue to recover according to the forecasts.

Since 23 March 2020, the COVID-19 pandemic has materially and adversely affected the hospitality sector generally due to the multiple lockdowns and restrictions imposed by the government, social distancing, global travel restrictions and the decline in tourists. As a result, the group and therefore the company has been significantly impacted as customer demand has dropped and therefore may have a significant impact on the overall operating results.

The group has prepared a cash flow forecast until March 2023 under the current uncertain conditions. It is based on the key assumption that the restaurants will continue to remain open.

The directors are confident regarding the group's long-term prospects and profitability. It is however difficult to estimate the full impact of the COVID-19 pandemic and for how long it will last or possibility of future pandemics and the effectiveness of government intervention. The directors consider this as the key uncertainty over which they have no control.

In the event the restaurants were to close in the future due to pandemic related reasons and all of the refinancing measures as noted were not agreed or the short term government support for employee costs and tax payment deferrals were not available as forecast, then the group would need to seek financial support from its major shareholder, Toridoll Holdings Limited.

Whilst there are no binding agreements, the shareholders of Toridoll Holdings Limited have historically been very supportive of the group.

Given the associated uncertainty within the forecast, a material uncertainty exists that may cast a significant doubt on the group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group were unable to continue as a going concern. The directors conclusion on the group being a going concern are set out in the accounting policies (Note 1.3).

On behalf of the board

K Tokumine  
**Director**

4 February 2022

# SHORYU HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### Principal activities

The principal activity of the group is that of operation of restaurants and of the company is that of a holding company.

#### Results and dividends

The results for the year are set out on page 10.

No ordinary interim dividends were paid. The directors do not recommend payment of a dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Tokumine  
R O-T Blanco  
H Tokumine  
A Muci  
T Awata  
T Sugiyama

#### Post reporting date events

On 5 October 2021, a wholly owned subsidiary company within the group closed the restaurant permanently and will surrender its lease in 2022. Further details are included in Note 27.

#### Auditor

The auditors, Sobell Rhodes LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SHORYU HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

K Tokumine

**Director**

4 February 2022



# SHORYU HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SHORYU HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of Shoryu Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the group 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.

#### Material uncertainty relating to going concern

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosure in note 1.3 to the financial statements concerning the group's and the company's ability to continue as a going concern.

The directors have considered the impact of the recent COVID-19 outbreak as part of the group's and company's going concern analysis.

The directors have modelled the impact of reduced sales and also mitigating actions available to the group to reduce costs. The projections also incorporate a number of government support initiatives recently announced and assume the group will agree an extension to its existing loans due to the exceptional circumstances. This analysis indicates the group has adequate resources to continue in operational existence for a period of at least 12 months following the signing of the financial statements.

However in the event restaurants have to be closed, customer demand was lower than 20% of pre COVID-19 levels, the refinancing was not agreed, further landlord negotiations were not to go ahead or further government support are not available as forecasted, then the group would need to seek alternative financial support.

Due to the uncertainty as to how the COVID-19 outbreak may impact upon the group's projected cashflows, a material uncertainty exists that may cast a significant doubt on the group's and the company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

# SHORYU HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHORYU HOLDINGS LIMITED

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### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's 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.

## SHORYU HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHORYU HOLDINGS LIMITED

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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We enquired of Management to obtain an understanding of the legal and regulatory frameworks that are applicable to the group and company. The most significant that are relevant to the group and company are Data protection, Health and safety regulations, United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the tax legislation in respect of corporation tax, VAT and PAYE. We understood how the group and company complies with these through enquiries of management and asked of any instances of non-compliance in these areas.
- We assessed the susceptibility of the group and company's financial statements to material misstatements, including how fraud might occur through enquiries of management and to understand where they considered there was susceptibility to fraud. We obtained an understanding of the controls that the group and company have established to address the risk that prevents, deter, and detect fraud.
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risks of override of controls).
- We considered the programmes and controls that the group and company have established to address risks identified, or that otherwise prevent, deter, and detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

Based on this understanding we designed our audit procedures to detect irregularities including fraud which primarily consisted of the following:

1. Identifying and testing of journal entries including large and unusual transactions to understand their rationale to review any instances of management override.
2. For management override relating to revenue recognition we obtained an understanding of the control environment relating to sales, the EPOS systems and the accounting systems, the cash reconciliation and recording of sales journals and also enquired with those charged with governance on instances any known fraud.
3. Enquiries of management and those charged with governance on instances any known fraud around actual and potential litigation claims and/or breaches in food and hygiene regulations.
4. Obtained detailed understanding of procedures performed around the Coronavirus Job Retention Scheme claims and performed substantive procedures to ensure that such claims were reasonable and in compliance with the regulations.
5. We evaluated whether the group and company's COVID-19 working environment, especially remote working, may increase the inherent risk of fraud and potential rise for incentives and pressures for fraudulent claim of government support schemes.
6. Enquiries of the tax engagement team that are independent of the audit team for instances of non-compliance.

The senior statutory auditor reviewed the experience and expertise of the audit engagement team to ensure that they had the appropriate competence and capabilities to identify any instances of fraud and non-compliance with the relevant laws and regulations.

The objective 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 risk 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 entity and management.

## **SHORYU HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SHORYU HOLDINGS LIMITED**

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

#### **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.

**Nicholas Posnansky (Senior Statutory Auditor)**  
**For and on behalf of Sobell Rhodes LLP**  
**Statutory Auditor**  
**The Kinetic Centre**  
**Theobald Street**  
**Borehamwood**  
**United Kingdom**  
**WD6 4PJ**  
**8 February 2022**

# SHORYU HOLDINGS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	6,969,359	17,954,842
Cost of sales		(4,278,584)	(8,018,927)
<b>Gross profit</b>		<b>2,690,775</b>	<b>9,935,915</b>
Administrative expenses		(6,382,402)	(9,000,638)
Other operating income		1,614,046	-
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(2,077,581)</b>	<b>935,277</b>
Interest payable and similar expenses	8	(61,178)	(49,174)
Amounts written off investments	9	-	(53,000)
<b>(Loss)/profit before taxation</b>		<b>(2,138,759)</b>	<b>833,103</b>
Tax on (loss)/profit	10	272,275	(295,459)
<b>(Loss)/profit for the financial year</b>		<b>(1,866,484)</b>	<b>537,644</b>

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SHORYU HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Goodwill	12		393,598		480,895
Other intangible assets	12		11,763		14,115
			<u>405,361</u>		<u>495,010</u>
Total intangible assets					
Tangible assets	13		3,598,970		4,353,574
			<u>4,004,331</u>		<u>4,848,584</u>
<b>Current assets</b>					
Stocks	17	124,781		159,540	
Debtors	18	1,004,481		1,260,389	
Cash at bank and in hand		1,199,064		1,176,162	
		<u>2,328,326</u>		<u>2,596,091</u>	
<b>Creditors: amounts falling due within one year</b>	19	(3,472,275)		(3,766,159)	
<b>Net current liabilities</b>			<u>(1,143,949)</u>		<u>(1,170,068)</u>
<b>Total assets less current liabilities</b>			2,860,382		3,678,516
<b>Creditors: amounts falling due after more than one year</b>	20		(1,867,524)		(734,534)
<b>Provisions for liabilities</b>					
Deferred tax liability	23	64,541		149,181	
		<u>(64,541)</u>		<u>(149,181)</u>	
<b>Net assets</b>			<u>928,317</u>		<u>2,794,801</u>
<b>Capital and reserves</b>					
Called up share capital	25		234,551		234,551
Share premium account			591,772		591,772
Profit and loss reserves			101,994		1,968,478
<b>Total equity</b>			<u>928,317</u>		<u>2,794,801</u>

The financial statements were approved by the board of directors and authorised for issue on 4 February 2022 and are signed on its behalf by:

K Tokumine  
Director

# SHORYU HOLDINGS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	12		11,763		14,115
Investments	14		812,255		1,230,154
			<u>824,018</u>		<u>1,244,269</u>
<b>Current assets</b>					
Debtors	18	33,900		3,997	
Cash at bank and in hand		749,998		402,464	
		<u>783,898</u>		<u>406,461</u>	
<b>Creditors: amounts falling due within one year</b>	19	(222,538)		(984,209)	
<b>Net current assets/(liabilities)</b>			<u>561,360</u>		<u>(577,748)</u>
<b>Total assets less current liabilities</b>			<u>1,385,378</u>		<u>666,521</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(1,704,606)		(497,500)
<b>Net (liabilities)/assets</b>			<u>(319,228)</u>		<u>169,021</u>
<b>Capital and reserves</b>					
Called up share capital	25		234,551		234,551
Share premium account			591,772		591,772
Profit and loss reserves			(1,145,551)		(657,302)
<b>Total equity</b>			<u>(319,228)</u>		<u>169,021</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £488,249 (2019 - £11,816 loss).

The financial statements were approved by the board of directors and authorised for issue on 4 February 2022 and are signed on its behalf by:

K Tokumine  
Director

Company Registration No. 08251749

# SHORYU HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2019</b>	234,551	591,772	1,430,834	2,257,157
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	537,644	537,644
<b>Balance at 31 December 2019</b>	234,551	591,772	1,968,478	2,794,801
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year	-	-	(1,866,484)	(1,866,484)
<b>Balance at 31 December 2020</b>	234,551	591,772	101,994	928,317



# SHORYU HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2019</b>	234,551	591,772	(645,486)	180,837
<b>Year ended 31 December 2019:</b>				
Loss and total comprehensive income for the year	-	-	(11,816)	(11,816)
<b>Balance at 31 December 2019</b>	234,551	591,772	(657,302)	169,021
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year	-	-	(488,249)	(488,249)
<b>Balance at 31 December 2020</b>	234,551	591,772	(1,145,551)	(319,228)

# SHORYU HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	29		(512,499)		1,458,852
Interest paid			(61,178)		(49,174)
Income taxes refunded/(paid)			10,333		(40,862)
<b>Net cash (outflow)/inflow from operating activities</b>			<u>(563,344)</u>		<u>1,368,816</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(365,089)		(686,513)	
Proceeds on disposal of tangible fixed assets		6,989		90,585	
Proceeds on disposal of fixed asset investments		-		(53,000)	
<b>Net cash used in investing activities</b>			<u>(358,100)</u>		<u>(648,928)</u>
<b>Financing activities</b>					
Repayment of borrowings		10,439		(348,574)	
Repayment of bank loans		983,735		(92,873)	
Payment/(repayment) of finance leases obligations		(49,828)		295,926	
<b>Net cash generated from/(used in) financing activities</b>			<u>944,346</u>		<u>(145,521)</u>
<b>Net increase in cash and cash equivalents</b>			<u>22,902</u>		<u>574,367</u>
Cash and cash equivalents at beginning of year			<u>1,176,162</u>		<u>601,795</u>
<b>Cash and cash equivalents at end of year</b>			<u><u>1,199,064</u></u>		<u><u>1,176,162</u></u>

# SHORYU HOLDINGS LIMITED

## COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	30				
		(561,694)		841,434	
Interest paid		(25,606)		(14,075)	
Income taxes (paid)/refunded		-		200	
<b>Net cash (outflow)/inflow from operating activities</b>		(587,300)		827,559	
<b>Investing activities</b>					
Proceeds on disposal of subsidiaries		(100)		-	
Receipts from joint ventures		(59,240)		-	
<b>Net cash used in investing activities</b>		(59,340)		-	
<b>Financing activities</b>					
Repayment of borrowings		10,439		(342,500)	
Repayment of bank loans		983,735		(92,873)	
<b>Net cash generated from/(used in) financing activities</b>		994,174		(435,373)	
<b>Net increase in cash and cash equivalents</b>		347,534		392,186	
Cash and cash equivalents at beginning of year		402,464		10,278	
<b>Cash and cash equivalents at end of year</b>		749,998		402,464	

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Shoryu Holdings Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Unit B Premier Park, Premier Park Road, Park Royal, London, United Kingdom, NW10 7NZ.

The group consists of Shoryu Holdings Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The financial statements are prepared in sterling, which is the functional currency of the company and rounded to the nearest £1.

In these financial statements, the company has applied the exemptions available under FRS102 in respect of the following disclosures:

- a. Parent company's profit and loss account – The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.
- b. Related party transaction notes - The company only discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

- 1.2 Basis of consolidation**
- The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.
- In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

The consolidated group financial statements consist of the financial statements of the parent company Shoryu Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Material uncertainty relating to going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the group's ability to continue as a going concern.

The group has net current liabilities £1,143,949 (2019: £1,170,068) but overall net assets of £928,317 (2019: £2,794,801) and has made a net loss of £1,866,484 (2019: profit of £537,644).

Included in amounts falling due within one year is £840,000 due to Toridoll Holdings Corporation, the Japanese parent company of Toridoll Holding Limited (a shareholder of Shoryu Holdings Limited), relating to loans for expansion purposes which are repayable within the next 18 months).

Toridoll Holdings Corporation has deferred the loan repayment due in July 2021, to be payable over 12 monthly instalments after July 2022 on the assumption that trading will recover under the post lockdown conditions.

Toridoll Holdings Corporation has deferred the loan repayment due in July 2020, to be payable over 12 monthly instalments after July 2021 on the assumption that trading will recover under the post lockdown conditions.

Furthermore, included in the current liabilities is a trade debt owed to a related party under common director and shareholder of £562,466 which is a key broker for the group. The directors are confident they are able to repay the trade debt and in future if cashflow is tight, they can purchase the stocks directly from the suppliers and save the mark up charged by the related party.

The group reported on their management accounts for the period to October 2021 a draft EBITDA loss of £50,220 and a net loss before tax of £456,568. Since 31 December 2019, the Covid 19 pandemic has materially and adversely affected the hospitality sector due to the lockdown imposed by the government, social distancing restrictions, global travel restrictions and the decline in tourists. As a result, the group has been significantly impacted as customer demand has dropped and has had a significant impact on the overall operating results.

Despite the success in the government's roadmap out of lockdown and the high uptake of the vaccination programme, it is uncertain when the group will return to pre-pandemic profitability level from its operations. In order to address its financing requirements, the directors have put measures in place to manage cash flows by negotiating payment terms with landlords and major suppliers and claiming support from the government where available.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

The group has prepared a cash flow forecast until March 2023, under the current uncertain conditions. Based on the key assumption that the restaurants will remain open for the foreseeable future. The forecasts incorporate mitigating action undertaken to reduce group costs. Measures include rent concession negotiations with landlords, deferment and/or instalment payment arrangements creditors and HMRC, accessing government coronavirus business support grants, accessing bank finance and VAT reduction and business rates discounts. In addition, Shoryu launched DIY meal kits and dark kitchens to serve its customers working from home which have had a significant contribution towards mitigating its losses.

The group has been able to secure a 5 year bank loan amounting to £1,000,000 as a result of government support which is interest free with no repayments until April 2021. Furthermore the group has been able to secure a further loan with a term of 5 years for a principal sum of £750,000 from the bank under the government recovery loan scheme which is interest free with no repayments due until November 2021.

Furthermore, the shareholder's loan terms are being renegotiated and the next instalment has been deferred until July 2022 with repayments being spread out over the following 18 months.

The group has a strong overall balance sheet at the year end. However, it is very difficult to assess the duration of the current epidemic, further government support and it is also uncertain as to the level of customer demand and the ability of the group to cover the overheads from sales.

The long term survival of the group is dependant on future government announcements, decisions by the landlords and regaining customer confidence. In making the going concern assessment the directors are of the opinion that the group has a strong balance sheet and cash position and will be able to support the group should the situation get worse. However, a material uncertainty as to going concern does exist given the factors mentioned above.

#### 1.4 Turnover

Turnover includes revenues earned from the sale of food and drinks from the operations of restaurants.

Turnover represents net invoiced sales of food and drinks, excluding value added tax and tips. Turnover is recognised when payment is rendered at the time of sale, and is all recognised in the United Kingdom.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

Trademarks, licenses and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents & licences	Over 10 years
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#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the remaining period of the lease
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

#### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.17 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. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

In line with the recent amendments to FRS 102, the company has early adopted the amendments affecting accounting periods commencing on or after 1 January 2021 and recognised any changes in lease payments, arising from qualifying rent concessions, through the income statement on a systematic basis over the periods the change in lease payments is intended to compensate.

#### 1.18 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

The company recognises an unconditional government grant related to Coronavirus Job Retention Scheme as other income when the grant becomes receivable. Such grants are recognised on an accrual basis in line with when the expenses would have been incurred.

The company recognises small business grants as other income when the grant becomes receivable.

#### 1.19 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Impact of COVID-19

In light of the COVID-19 pandemic, the group has considered whether any adjustments are required to reported amounts in the financial statements as indicated in note 26.

#### Going concern

As indicated in Note 1.3, it is the directors' assessment that the group continues to be a going concern, however, a material uncertainty does exist as a result of the impact of the future operations due to the outbreak of COVID-19.

Accordingly, the assets and liabilities have been valued on the basis that the group will continue in business.

If this presumption is proven to be mistaken, the carrying value of assets and liabilities would need to be reappraised to reflect the impact of cessation.

#### Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of the group's assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no material indicators of impairments identified during the current financial year.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Valuation of stocks

The group establishes a provision for stocks in order to provide against obsolete, or damaged items and this is reviewed on an annual basis.

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Sale of food and drinks	6,969,359	17,954,842

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(1,614,046)	-
Depreciation of owned tangible fixed assets	624,721	579,295
Depreciation of tangible fixed assets held under finance leases	48,216	50,132
Impairment of owned tangible fixed assets	439,767	-
Amortisation of intangible assets	89,649	89,649
Operating lease charges	877,954	1,713,434

Operating lease rentals for the group are shown net of £645,583 of rent concessions (2019: £Nil).

Included in the group amount for government grants, includes furlough claim amounting to £1,520,725 (2019: £Nil) and small business grants amounting to £51,725 (2019: £Nil).

Included in the government grant for the group is Coronavirus Business Interruption loan interest of £15,167 (2019: £Nil).

During the year, the group obtained business rates relief of £360,798 (2019: £Nil).

### 5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	18,000	5,000
Audit of the financial statements of the company's subsidiaries	96,451	47,129
	114,451	52,129

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Management staff	101	128	-	-
Kitchen	68	97	-	-
Floor	69	86	-	-
Total	238	311	-	-

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	3,599,912	5,226,678	-	-
Social security costs	247,262	386,564	-	-
Pension costs	54,872	76,704	-	-
	<u>3,902,046</u>	<u>5,689,946</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

### 8 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	2,955
Other interest on financial liabilities	25,606	15,901
	<u>25,606</u>	<u>18,856</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	25,239	22,057
Other interest	10,333	8,261
	<u>61,178</u>	<u>49,174</u>

### 9 Amounts written off investments

	2020 £	2019 £
Amounts written back to/(written off) current loans	-	(53,000)
	<u>-</u>	<u>(53,000)</u>

### 10 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(187,635)	230,350
	<u>(187,635)</u>	<u>230,350</u>

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10	Taxation	(Continued)	
		2020 £	2019 £
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(84,640)	65,109
		<u></u>	<u></u>
	Total tax (credit)/charge	(272,275)	295,459
		<u></u>	<u></u>

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(2,138,759)	833,103
	<u></u>	<u></u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(406,364)	158,290
Tax effect of expenses that are not deductible in determining taxable profit	167,208	32,384
Tax effect of utilisation of tax losses not previously recognised	1,185	-
Unutilised tax losses carried forward	36,485	-
Permanent capital allowances in excess of depreciation	93,272	14,302
Other permanent differences	(164,061)	90,483
	<u></u>	<u></u>
Taxation (credit)/charge	(272,275)	295,459
	<u></u>	<u></u>

## 11 Impairments

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	13	439,767	-
		<u></u>	<u></u>
Recognised in:			
Administrative expenses		439,767	-
		<u></u>	<u></u>

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Intangible fixed assets

Group	Goodwill £	Patents & licences £	Total £
<b>Cost</b>			
At 1 January 2020 and 31 December 2020	872,966	24,907	897,873
<b>Amortisation and impairment</b>			
At 1 January 2020	392,071	10,792	402,863
Amortisation charged for the year	87,297	2,352	89,649
At 31 December 2020	479,368	13,144	492,512
<b>Carrying amount</b>			
At 31 December 2020	393,598	11,763	405,361
At 31 December 2019	480,895	14,115	495,010
<b>Company</b>			
		<b>Patents &amp; licences £</b>	
<b>Cost</b>			
At 1 January 2020 and 31 December 2020		24,907	
<b>Amortisation and impairment</b>			
At 1 January 2020		10,792	
Amortisation charged for the year		2,352	
At 31 December 2020		13,144	
<b>Carrying amount</b>			
At 31 December 2020		11,763	
At 31 December 2019		14,115	

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Tangible fixed assets

Group	Leasehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	4,709,715	2,036,512	57,566	6,803,793
Additions	251,065	114,024	-	365,089
Disposals	-	(23,249)	-	(23,249)
At 31 December 2020	4,960,780	2,127,287	57,566	7,145,633
<b>Depreciation and impairment</b>				
At 1 January 2020	1,269,304	1,138,362	42,553	2,450,219
Depreciation charged in the year	423,511	245,673	3,753	672,937
Impairment losses	395,478	44,289	-	439,767
Eliminated in respect of disposals	-	(16,260)	-	(16,260)
At 31 December 2020	2,088,293	1,412,064	46,306	3,546,663
<b>Carrying amount</b>				
At 31 December 2020	2,872,487	715,223	11,260	3,598,970
At 31 December 2019	3,440,411	898,150	15,013	4,353,574

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

The net carrying value of tangible fixed assets for the group includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Fixtures, fittings and equipment	17,236	45,964	-	-
Leasehold land and buildings	641,468	1,367,878	-	-
	658,704	1,413,842	-	-

More information on impairment movements in the year is given in note 11.

Included within the net book value of land and buildings for the group above is £2,872,487 (2019 £3,440,411) in respect of short leasehold improvements on land and buildings.



# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	812,255	1,230,154
<b>Movements in fixed asset investments</b>					
<b>Company</b>					<b>Shares in subsidiaries £</b>
<b>Cost or valuation</b>					
At 1 January 2020					1,230,154
Additions					100
At 31 December 2020					1,230,254
<b>Impairment</b>					
At 1 January 2020					-
Impairment losses					417,999
At 31 December 2020					417,999
<b>Carrying amount</b>					
At 31 December 2020					812,255
At 31 December 2019					1,230,154

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Shoryu Ramen Limited	As indicated in the note below	Operation of restaurants	Ordinary	100.00
Shoryu Camaby Street Limited	As indicated in the note below	Operation of restaurants	Ordinary	100.00
Shoryu Liverpool Street Limited	As indicated in the note below	Operation of restaurants	Ordinary	100.00
Shoryu Stratford Limited	As indicated in the note below	Operation of restaurants	Ordinary	100.00
Shoryu New Oxford Street Limited	As indicated in the note below	Operation of restaurants	Ordinary	100.00
Shoryu Go Limited	As indicated in the note below	Dormant company	Ordinary	100.00
Shoryu Manchester Limited	As indicated in the note below	Dormant company	Ordinary	100.00
Shoryu Franchise Limited	As indicated in the note below	Operations of licensed restaurants	Ordinary	100.00

Registered office addresses for all the subsidiaries above is:

Unit B, Premier Park, Premier Park Road, London, United Kingdom, NW10 7NZ

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Subsidiaries

(Continued)

All of the above subsidiaries are included in the consolidation. Controls are established via share ownership by the Company, directly or indirectly through the subsidiaries,

### 16 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	752,344	758,902	33,900	3,997
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	4,401,783	3,396,582	1,926,944	1,481,509

### 17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	124,781	159,540	-	-

### 18 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Amounts owed by group undertakings	30,111	41,514	33,900	3,997
Other debtors	735,388	717,388	-	-
Prepayments and accrued income	238,982	501,487	-	-
	1,004,481	1,260,389	33,900	3,997

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	21	145,833	16,265	145,833	16,265
Obligations under finance leases	22	188,656	164,368	-	-
Other borrowings	21	-	342,500	-	342,500
Trade creditors		577,202	494,109	57,024	1,781
Amounts owed to group undertakings		564,478	658,253	4,479	615,628
Corporation tax payable		273,623	450,925	200	200
Other taxation and social security		664,393	653,186	-	-
Other creditors		33,546	28,929	-	2,735
Accruals and deferred income		1,024,544	957,624	15,002	5,100
		<u>3,472,275</u>	<u>3,766,159</u>	<u>222,538</u>	<u>984,209</u>

#### Guarantee

The company was party to a multilateral cross guarantee and debenture dated 3 June 2015 given by subsidiary companies of Shoryu Holdings Limited to secure group borrowings.

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	21	854,167	-	854,167	-
Obligations under finance leases	22	162,918	237,034	-	-
Other borrowings	21	850,439	497,500	850,439	497,500
		<u>1,867,524</u>	<u>734,534</u>	<u>1,704,606</u>	<u>497,500</u>

### 21 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	1,000,000	16,265	1,000,000	16,265
Loans from related parties	850,439	840,000	850,439	840,000
	<u>1,850,439</u>	<u>856,265</u>	<u>1,850,439</u>	<u>856,265</u>
Payable within one year	145,833	358,765	145,833	358,765
Payable after one year	1,704,606	497,500	1,704,606	497,500

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 21 Loans and overdrafts

(Continued)

#### Group

##### Bank Borrowings

During the year, the company borrowed £1,000,000 from its bankers through the Coronavirus Business Interruption Loan. The loan term is 4 years and is repayable in monthly installments. The loan attracts a nominal interest rate of 2.5% per annum.

The group was party to a multilateral cross guarantee and debenture dated 3 June 2015 given by subsidiary companies of Shoryu Holdings Limited to secure group borrowings. A limited guarantee has been given by two of the directors'.

#### Company

##### Bank Borrowings

During the year, the company borrowed £1,000,000 from its bankers through the Coronavirus Business Interruption Loan. The loan term is 4 years and is repayable in monthly installments. The loan attracts a nominal interest rate of 2.5% per annum.

The company was party to a multilateral cross guarantee and debenture dated 3 June 2015 given by subsidiary companies of Shoryu Holdings Limited to secure group borrowings. A limited guarantee has been given by two of the directors'.

### 22 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	188,656	164,368	-	-
In two to five years	162,918	237,034	-	-
	<u>351,574</u>	<u>401,402</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 to 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	<u>64,541</u>	<u>149,181</u>

The company has no deferred tax assets or liabilities.

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 23 Deferred taxation (Continued)

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 January 2020	149,181	-
Credit to profit or loss	(84,640)	-
Liability at 31 December 2020	64,541	-

### 24 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	54,872	76,704

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 25 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	234,551	234,551	234,551	234,551

### 26 Operating lease commitments

#### Lessee

After the year end one of the the group's subsidiary company is in the process of surrendering its operating lease and therefore the lease commitments below have been amended to reflect the revised commitments.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating rental leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	969,787	1,246,200	-	-
Between two and five years	4,094,179	4,364,287	-	-
In over five years	5,751,283	7,046,453	-	-
	10,815,249	12,656,940	-	-

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 27 Events after the reporting date

On 5 October 2021, a wholly owned subsidiary company within the group closed the restaurant permanently and will surrender its lease in 2022. A lease surrender premium of approximately £175k will be paid to the landlord and the deposit of £80k will be returned to the company. Fixed assets with net book value of approximately £380k will be surrendered to the landlord at Nil proceeds in 2022.

The directors have determined that the above events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2020 have not been adjusted to reflect their impact.

The fixed assets on the balance sheet have been impaired as a result of closure of the restaurant. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2020 have been adjusted to reflect their impact. More information on impairment movements in the year is given in note 11.

#### 28 Related party transactions

##### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	<b>Purchases</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Entities with control, joint control or significant influence over the group	2,113,971	4,662,300

	<b>Management fees</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Entities with control, joint control or significant influence over the company	518,563	541,519

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Entities with control, joint control or significant influence over the group	564,477	658,254
<b>Company</b>		
Entities with control, joint control or significant influence over the company	850,439	840,000

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

28

Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties

2020

Balance

2019

Balance

£

£

Group

Other related parties

29,876

41,803

29

Cash (absorbed by)/generated from group operations

2020

2019

£

£

(Loss)/profit for the year after tax

(1,866,484)

537,644

Adjustments for:

Taxation (credited)/charged

(272,275)

295,459

Finance costs

61,178

49,174

Amortisation and impairment of intangible assets

89,649

89,649

Depreciation and impairment of tangible fixed assets

1,112,704

629,427

Other gains and losses

-

53,000

Movements in working capital:

Decrease in stocks

34,759

48,906

Decrease/(increase) in debtors

255,908

(31,633)

Increase/(decrease) in creditors

72,062

(212,774)

Cash (absorbed by)/generated from operations

(512,499)

1,458,852

30

Cash (absorbed by)/generated from operations - company

2020

2019

£

£

Loss for the year after tax

(488,249)

(11,816)

Adjustments for:

Finance costs

25,606

14,075

Amortisation and impairment of intangible assets

2,352

2,352

Other gains and losses

59,240

-

Movements in working capital:

(Increase)/decrease in debtors

(29,903)

215,691

(Decrease)/increase in creditors

(130,740)

621,132

Cash (absorbed by)/generated from operations

(561,694)

841,434

# SHORYU HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 31 Analysis of changes in net debt - group

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	1,176,162	22,902	1,199,064
Borrowings excluding overdrafts	(856,265)	(994,174)	(1,850,439)
Obligations under finance leases	(401,402)	49,828	(351,574)
	<u>(81,505)</u>	<u>(921,444)</u>	<u>(1,002,949)</u>

### 32 Analysis of changes in net debt - company

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	402,464	347,534	749,998
Borrowings excluding overdrafts	(856,265)	(994,174)	(1,850,439)
	<u>(453,801)</u>	<u>(646,640)</u>	<u>(1,100,441)</u>



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.