

# STICKS 'N' SUSHI UK LIMITED

## FINANCIAL STATEMENTS

30 JUNE 2015



# STICKS 'N' SUSHI UK LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

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# **STICKS 'N' SUSHI UK LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

T Andersen  
K R Hansen  
A Karlsson  
E P Holm

### **REGISTERED OFFICE**

58 Wimbledon Hill Road  
London  
SW19 7PA

### **AUDITOR**

Menzies LLP  
Chartered Accountants  
Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

### **BANKERS**

Danske Bank  
75 King William Street  
London  
EC4N 7DT

# STICKS 'N' SUSHI UK LIMITED

## STRATEGIC REPORT

YEAR ENDED 30 JUNE 2015

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is the operation of a chain of restaurants.

Sticks'n'Sushi produces and serves healthy quality food of the "affordable luxury" category based on a unique combination of traditional sushi and yakatori sticks rooted in Japanese as well as Danish gastronomical traditions, sustainability, excellent design and most important of all "The Good Hostmanship".

Sticks'n'Sushi UK Ltd belongs to the Sticks'n'Sushi Group, which was founded in 1994 in Copenhagen and today operates 14 restaurants with a consolidated turnover of approximately £ 45 million on a full year basis.

Our UK business trade is strong, especially in our first two London restaurants, located in Wimbledon (opened March 2012) and Covent Garden (opened November 2013).

We successfully opened a further two restaurants in Greenwich and Canary Wharf, in January and May 2015. Both Greenwich and Canary Wharf have traded satisfactorily to our forecasted sales.

The growing number of guests together with the increasing volume of take away and catering sales is encouraging for the future years of growth in the United Kingdom.

Sticks'n'Sushi UK Ltd achieved a turnover of net £7,821K in the financial year 2014/15 compared to £3,723K in 2013/14. The company realised an EBITDA of £412K against a loss of £195K the year before. The operating result includes £312K in one-off cost related to the opening of the two new restaurants. The net result was a loss of £251K versus a loss of £712K in 2013/14. The sales and results were significantly better than budgeted, in view of the restaurant openings and growth plans.

### FUTURE DEVELOPMENTS

Sticks'n'Sushi UK Ltd have secured a new location in Oxford, scheduled to open in September 2017. Further locations are being negotiated with planned opening of one restaurant within the next financial year.

### PRINCIPAL RISKS AND UNCERTAINTIES

Sticks'n'Sushi is of course subject to the usual risks of the restaurant industry such as changing economic trends, consumer preference changes and demand, food security and raw material supplies etc. The desire for more organic products and improved sustainability in combination with resource shortages and increased raw material costs will in itself provide pressure on the profitability and the biggest challenge of Sticks'n'Sushi the years ahead will be the task of finding new and improved alternatives on the raw material side.

### KEY PERFORMANCE INDICATORS

Financial:

Turnover per trading restaurants

Like for like sales growth

Balancing of controllable costs to sales and in particular product cost and staff cost EBITDA per trading restaurant

Non-financial:

Ongoing updates and monitoring on social media (Twitter, Facebook, reviews etc. Guest satisfactory surveys ("Mystery Dining" and "Net Promoter Score Survey") Staff satisfactory surveys ("Happy People")

Food safety and Health and Safety 3rd party audits by Food Alert

EHO visits by Local Council

### COMPANY STRATEGY

An important part of the Group's strategy is to expand internationally with restaurants openings in European city metropolises. In the first phase of the strategy plan the focus has been on building a business platform in England with planned opening of 10-15 restaurants in London and the south east of England over a 5 year period. The next step will be the opening of a number of restaurants in Berlin.

### BUSINESS MODEL

The business model is of healthy trade in all restaurant units, managing controllable costs in line with turnover. Ability to invest the free cash flow in future restaurants without any significant debt with banks, shareholders or other credit facilities.

Signed on behalf of the directors

K R Hansen

Director

Approved by the directors on 12.11.2015

# **STICKS 'N' SUSHI UK LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 30 JUNE 2015**

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The directors present their report and the financial statements of the company for the year ended 30 June 2015.

### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £250,883. The directors have not recommended a dividend.

### **FINANCIAL INSTRUMENTS**

The company holds or issues financial instruments in order to achieve three main objectives, being:

- a) to finance its operations
- b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance
- c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Details of the company's key financial risk management objectives and policies are set out in the Strategic Report.

### **DIRECTORS**

The directors who served the company during the year were as follows:

T Andersen  
K R Hansen  
A Karlsson  
M S Christensen  
S A Lindberg  
A L M Grandjean  
A Weber  
E P Holm

T Andersen was appointed as a director on 15 December 2014.

K R Hansen was appointed as a director on 15 December 2014.

A Karlsson was appointed as a director on 15 December 2014.

M S Christensen retired as a director on 15 December 2014.

S A Lindberg retired as a director on 15 December 2014.

A L M Grandjean retired as a director on 15 December 2014.

A Weber retired as a director on 15 December 2014.

### **GOING CONCERN**

At the year end, the company had net current liabilities of £1,021,954 (2014: £349,554). The directors are confident of the continued financial support from the parent company, and therefore the accounts have been prepared on a going concern basis.

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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;

# STICKS 'N' SUSHI UK LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2015

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### STRATEGIC REPORT

The company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

### AUDITOR

Menzies LLP have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:  
58 Wimbledon Hill Road  
London  
SW19 7PA

Signed on behalf of the directors

K R Hansen

Director

Approved by the directors on 12-11-2015

# STICKS 'N' SUSHI UK LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STICKS 'N' SUSHI UK LIMITED

YEAR ENDED 30 JUNE 2015

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We have audited the financial statements of Sticks 'n' Sushi UK Limited for the year ended 30 June 2015 on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its 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.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



CAROLINE MILTON FCA (Senior  
Statutory Auditor)  
For and on behalf of  
MENZIES LLP  
Chartered Accountants  
& Statutory Auditor

Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

18 Nov 2015

# STICKS 'N' SUSHI UK LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2015

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	Note	2015 £	2014 £
<b>TURNOVER</b>	<b>3</b>	7,820,562	3,723,141
Cost of sales		2,251,500	1,136,893
<b>GROSS PROFIT</b>		5,569,062	2,586,248
Administrative expenses		5,685,586	3,157,190
Other operating income	<b>4</b>	-	(20,794)
<b>OPERATING LOSS</b>	<b>5</b>	(116,524)	(550,148)
Interest receivable		(803)	(1,155)
Interest payable and similar charges	<b>8</b>	(133,556)	(160,519)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(250,883)	(711,822)
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(250,883)</u>	<u>(711,822)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 12 form part of these financial statements.



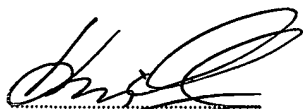
# STICKS 'N' SUSHI UK LIMITED

## BALANCE SHEET

30 JUNE 2015

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	9	5,244,274	2,891,406
<b>CURRENT ASSETS</b>			
Stocks	10	79,149	46,389
Debtors	11	351,577	497,676
Cash at bank		271,772	53,350
		<u>702,498</u>	<u>597,415</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>1,724,452</u>	<u>946,969</u>
<b>NET CURRENT LIABILITIES</b>		(1,021,954)	(349,554)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,222,320</u>	<u>2,541,852</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	3,742,546	2,011,195
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	14	200,000	-
		<u>279,774</u>	<u>530,657</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	2,009,500	2,009,500
Profit and loss account	18	(1,729,726)	(1,478,843)
<b>SHAREHOLDERS' FUNDS</b>	19	<u>279,774</u>	<u>530,657</u>

These accounts were approved by the directors and authorised for issue on 12 Nov 2015, and are signed on their behalf by:



K R Hansen

Company Registration Number: 07307090

The notes on pages 8 to 12 form part of these financial statements.

# STICKS 'N' SUSHI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

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### 1. GOING CONCERN

The company has incurred losses in its first four periods of trading, and has net current liabilities. These losses are fully budgeted for, and are anticipated as the restaurants are established in the UK. The company is supported by its Danish parent company, and therefore the directors are confident that the company will be able to pay its creditors as they fall due. The directors have therefore prepared the accounts on a going concern basis.

### 2. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention.

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of value added tax.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property Improvements	- over 10 years
Plant & Machinery	- over 5 years
Fixtures & Fittings	- over 5 years
Office Equipment	- over 3 years

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

# STICKS 'N' SUSHI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

### 2. ACCOUNTING POLICIES *(continued)*

#### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

#### Rent free periods

Rent free periods are spread so as to expense the total rent payable up to the first break in the lease over the period from when a restaurant opens until the first break in the lease. The company adopts this policy so as to match rental expense with income generated by each restaurant.

#### Trade debtors

Trade debtors represent outstanding credit card sales at the year end.

### 3. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2015 £	2014 £
United Kingdom	<u>7,820,562</u>	<u>3,723,141</u>

### 4. OTHER OPERATING INCOME

	2015 £	2014 £
Other operating income	<u>-</u>	<u>20,794</u>

### 5. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of owned fixed assets	528,395	343,363
Auditor's remuneration		
- as auditor	8,900	11,500
Operating lease costs:		
- Other	641,846	341,878
Net profit on foreign currency translation	<u>(40,573)</u>	<u>(1,148)</u>

### 6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2015 No	2014 No
Number of staff	<u>186</u>	<u>88</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	2,470,039	1,387,596
Social security costs	158,911	61,582
	<u>2,628,950</u>	<u>1,449,178</u>

# STICKS 'N' SUSHI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

### 7. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015 £	2014 £
Aggregate remuneration	63,166	-

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Other similar charges payable	133,556	160,519

### 9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>					
At 1 July 2014	2,615,137	399,093	376,533	124,066	3,514,829
Additions	2,142,498	46,826	679,349	50,410	2,919,083
Disposals	(37,820)	-	-	-	(37,820)
<b>At 30 June 2015</b>	<b>4,719,815</b>	<b>445,919</b>	<b>1,055,882</b>	<b>174,476</b>	<b>6,396,092</b>
<b>DEPRECIATION</b>					
At 1 July 2014	283,314	151,747	134,934	53,428	623,423
Charge for the year	315,643	81,150	103,326	28,276	528,395
<b>At 30 June 2015</b>	<b>598,957</b>	<b>232,897</b>	<b>238,260</b>	<b>81,704</b>	<b>1,151,818</b>
<b>NET BOOK VALUE</b>					
<b>At 30 June 2015</b>	<b>4,120,858</b>	<b>213,022</b>	<b>817,622</b>	<b>92,772</b>	<b>5,244,274</b>
At 30 June 2014	2,331,823	247,346	241,599	70,638	2,891,406

### 10. STOCKS

	2015 £	2014 £
Stock	79,149	46,389

### 11. DEBTORS

	2015 £	2014 £
Trade debtors	126,704	142,094
Other debtors	4,304	97,215
Prepayments and accrued income	220,569	258,367
	<b>351,577</b>	<b>497,676</b>

The debtors above include the following amounts falling due after more than one year:

	2015 £	2014 £
Other debtors	-	87,460

# STICKS 'N' SUSHI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

### 12. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	833,514	359,465
PAYE and social security	86,751	52,539
VAT	264,888	180,535
Other creditors	42,225	34,426
Accruals and deferred income	497,074	320,004
	<u>1,724,452</u>	<u>946,969</u>

The bank overdraft is secured.

### 13. CREDITORS: Amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	<u>3,742,546</u>	<u>2,011,195</u>

### 14. OTHER PROVISIONS

	2015 £
<b>Dilapidations provision:</b>	
Movement for year	<u>200,000</u>

The company has a commitment in respect of its leased premises to reinstate them to their original condition at the expiry of the lease.

### 15. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2015 £	2014 £
Operating leases which expire:		
After more than 5 years	<u>950,950</u>	<u>950,950</u>

### 16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose inter-group transactions and balances as it is a subsidiary where 100% of the voting rights are controlled within the group.

The bank overdraft facility and leases over the premises are guaranteed by Sticks 'N' Sushi Holding A/S.

### 17. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>2,009,500</u>	<u>2,009,500</u>	<u>2,009,500</u>	<u>2,009,500</u>

# STICKS 'N' SUSHI UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

### 18. PROFIT AND LOSS ACCOUNT

	2015 £	2014 £
Balance brought forward	(1,478,843)	(767,021)
Loss for the financial year	(250,883)	(711,822)
Balance carried forward	<u>(1,729,726)</u>	<u>(1,478,843)</u>

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Loss for the financial year	(250,883)	(711,822)
New ordinary share capital subscribed	–	2,000,000
Net (reduction)/addition to shareholders' funds/(deficit)	<u>(250,883)</u>	<u>1,288,178</u>
Opening shareholders' funds/(deficit)	530,657	(757,521)
Closing shareholders' funds	<u>279,774</u>	<u>530,657</u>

### 20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is 100% owned by Sticks 'N' Sushi Holding A/S, a company incorporated in Denmark. Copies of the group accounts of Sticks 'N' Sushi Holding A/S may be obtained from Nansengade 49, DK-1366, Copenhagen.

The directors consider that there is no ultimate controlling party of Sticks 'N' Sushi Holding A/S.

### 21. COMMITMENTS AND CONTINGENCIES

The company's bankers have provided a rent guarantee of £224,041 in connection with one of the leased premises of the company.