

Registration number: 07307090

# Sticks 'N' Sushi UK Limited

Annual report and financial statements

for the year ended 30 June 2018

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## **Sticks 'N' Sushi UK Limited**

### **Contents**

	<b>Page</b>
Company information	1
Strategic report	2 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 - 24

## **Sticks 'N' Sushi UK Limited**

### **Company information**

<b>Directors</b>	T Andersen K R Hansen A Karlsson E P Holm
<b>Company secretary</b>	Quayseco Limited
<b>Registered office</b>	58 Wimbledon Hill Road London United Kingdom SW19 7PA
<b>Independent auditors</b>	Deloitte LLP Statutory Auditor London United Kingdom
<b>Bankers</b>	Danske Bank 75 King William Street London United Kingdom EC4N 7DT

## Sticks 'N' Sushi UK Limited

### Strategic report

For the year ended 30 June 2018

The directors present their strategic report for the year ended 30 June 2018.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

#### Fair review of the business

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

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

The company belongs to the Sticks 'N' Sushi Group, which was founded in 1994 in Copenhagen and today operates 21 restaurants with a consolidated turnover of approximately DKK 494 million on a full year basis.

Our UK business trade is strong, especially in our city restaurants within London, but our restaurants outside of the metropolitan London area, Cambridge and Oxford, are starting to deliver a solid growth and have been trading satisfactory to our forecasted sales.

In this financial year we opened two restaurants. One in Nova, Victoria, London, opened in December 2017 as well as a new location in Oxford opened in November 2017.

The growing number of guests both in new restaurants as well as a solid like for like growth in our existing restaurants is encouraging for the future years of growth in the United Kingdom.

The company achieved a turnover of net £18.5 million in the financial year 2017/18 compared to £15.6 million in the financial year 2016/17. The company realised an EBITDA of £1.2 million against £2.3 million the year before. Both sales and results were significantly better than expected, in view of opening new restaurants and preparing for continuing the growth plans with new restaurants in 2018/19.

	2017/18	2016/17
	£ 000	£ 000
Operating profit	151	1,376
Depreciation	1,047	894
EBITDA	<u>1,198</u>	<u>2,270</u>

#### Future developments

The next restaurant to open is located in Chelsea on Kings Road opening November 2018.

The company has also started building on a new location in Soho located on Beak Street. The restaurant is expected to open September 2019.

Further locations are being negotiated with the planned opening of one restaurant within the next financial year.

## **Sticks 'N' Sushi UK Limited**

### **Strategic report (continued) For the year ended 30 June 2018**

#### **Principal risks and uncertainties**

The company 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 the company in the years ahead will be the task of finding new and improved alternatives on the raw material side.

The Brexit vote has created uncertainty in the restaurant sector and management will pay particular attention to developments as they progress, taking care to mitigate any risks to employee status and the associated foreign exchange movements that have led to a weaker Sterling, thus increasing the price of imported produce. Set against the impact of the business rates review, national living wage and other cost pressures, management are keen to ensure that the company is well prepared for the coming months and in a robust position from which to grow.

#### **The group strategy**

An important part of the group's strategy is to expand internationally with restaurants openings in European city metropolises. The first phase of the strategy plan was to build a strong business platform in and outside London City with planned opening of 10-15 restaurants. The next step will be the opening restaurants in Germany, Scandinavian and Holland.

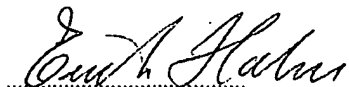
#### **Business model**

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.

#### **Brexit**

As we are expanding and investing in our UK business, we must accept the risk derived from UK Brexit. We do expect Brexit to have a serious negative long-term effect on our existing business and planned openings in UK, but we are monitoring effects coming from the Brexit negotiations closely.

Approved by the Board on 1 April 2019 and signed on its behalf by:



E Holm  
Director

## **Sticks 'N' Sushi UK Limited**

### **Directors' report**

#### **For the year ended 30 June 2018**

The directors present their annual report on the affairs of the Sticks 'N' Sushi UK Limited (company), together with the financial statements and auditor's report, for the year ended 30 June 2018.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £200,000 (2017: profit of £855,000).

The directors have not recommended a dividend (2017: £nil).

#### **Directors**

The directors, who served throughout the year, were as follows:

T Andersen

K R Hansen

A Karlsson

E P Holm

#### **Going concern**

At the year end, the company had net current liabilities of £6,374,000 (2017: £4,096,000). The directors are confident of the continued financial support from the sister company, having obtained a commitment to settle its debts as they fall due over the period to at least 12 months from the date of signing of these financial statements, and therefore the accounts have been prepared on a going concern basis.

#### **Matters covered in the 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**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
  - the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Re-appointment of auditors**

Deloitte LLP were re-appointed as auditors and expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

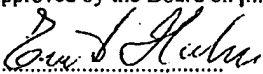
**Sticks 'N' Sushi UK Limited**

**Directors' report (continued)  
For the year ended 30 June 2018**

**Events after the reporting date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Approved by the Board on 1 April '19 and signed on its behalf by:



E Holm  
Director

## **Sticks 'N' Sushi UK Limited**

### **Directors' responsibilities statement**

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 Financial Reporting Standard 102. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of Sticks 'N' Sushi UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion on the 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sticks 'N' Sushi UK Limited which comprise the profit and loss account, the balance sheet, the statement of changes in equity, and the related notes set out on pages 13 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

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

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

We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of Sticks 'N' Sushi UK Limited (continued)**

### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor'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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

**Independent auditor's report to the members of  
Sticks 'N' Sushi UK Limited (continued)**

**Report on other legal and regulatory requirements**

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

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

- the information given in the Strategic report and 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.

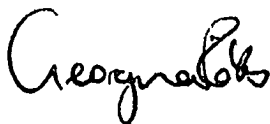
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

**Matters on which we are required to report by exception**

*Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Georgina Robb, FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

1 April 2019

**Sticks 'N' Sushi UK Limited**

**Profit and loss account  
For the year ended 30 June 2018**

	Note	2017/2018 £ 000	2016/2017 £ 000
Turnover	4	18,500	15,666
Cost of sales		<u>(5,183)</u>	<u>(4,182)</u>
Gross profit		13,317	11,484
Administrative expenses		<u>(13,166)</u>	<u>(10,108)</u>
Operating profit	5	151	1,376
Exceptional item	6	-	177
Interest payable and similar charges	7	<u>(287)</u>	<u>(297)</u>
(Loss)/profit before taxation		(136)	1,256
Taxation	11	<u>(64)</u>	<u>(401)</u>
(Loss)/profit for the financial year		<u><u>(200)</u></u>	<u><u>855</u></u>

The above results were derived from continuing operations.

No other comprehensive income has been recognised in the current period and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 13 to 24 form an integral part of these financial statements.

**Sticks 'N' Sushi UK Limited**

**Balance sheet  
As at 30 June 2018**

	Note	2017/2018 £ 000	2016/2017 £ 000
<b>Fixed assets</b>			
Tangible assets	12	7,344	5,266
<b>Current assets</b>			
Cash at bank and in hand		842	2,654
Stocks	13	219	142
Debtors due within one year	14	<u>1,592</u>	<u>1,261</u>
		2,653	4,057
<b>Creditors: amounts falling due within one year</b>	15	<u>(9,027)</u>	<u>(8,153)</u>
<b>Net current liabilities</b>		<u>(6,374)</u>	<u>(4,096)</u>
<b>Net assets</b>		<u>970</u>	<u>1,170</u>
<b>Capital and reserves</b>			
Called-up share capital	17	2,010	2,010
Profit and loss deficit	17	<u>(1,040)</u>	<u>(840)</u>
<b>Shareholders' funds</b>		<u>970</u>	<u>1,170</u>

The financial statements of Sticks 'N' Sushi UK Limited (registration number: 07307090) were approved by the Board of directors and authorised for issue on 1. April 19.

They were signed on its behalf by:



E Holm  
Director

The notes on pages 13 to 24 form an integral part of these financial statements.

**Sticks 'N' Sushi UK Limited**

**Statement of changes in equity  
For the year ended 30 June 2018**

	<b>Called-up share capital £ 000</b>	<b>Profit and loss deficit £ 000</b>	<b>Total £ 000</b>
<b>At 1 July 2016</b>	<u>2,010</u>	<u>(1,695)</u>	<u>315</u>
<b>Profit for the year</b>	<u>-</u>	<u>855</u>	<u>855</u>
<b>Total comprehensive income</b>	<u>-</u>	<u>855</u>	<u>855</u>
<b>At 30 June 2017</b>	<u>2,010</u>	<u>(840)</u>	<u>1,170</u>
	<b>Called-up share capital £ 000</b>	<b>Profit and loss deficit £ 000</b>	<b>Total £ 000</b>
<b>At 1 July 2017</b>	<u>2,010</u>	<u>(840)</u>	<u>1,170</u>
<b>Loss for the year</b>	<u>-</u>	<u>(200)</u>	<u>(200)</u>
<b>Total comprehensive loss</b>	<u>-</u>	<u>(200)</u>	<u>(200)</u>
<b>At 30 June 2018</b>	<u>2,010</u>	<u>(1,040)</u>	<u>970</u>

The notes on pages 13 to 24 form an integral part of these financial statements.

## **Sticks 'N' Sushi UK Limited**

### **Notes to the financial statements**

**For the year ended 30 June 2018**

#### **1 General information**

Sticks 'N' Sushi UK Limited (the 'company') is a private company limited by share capital and is incorporated and domiciled in England and Wales.

The address of its registered office is:

58 Wimbledon Hill Road

London

United Kingdom

SW19 7PA

The nature of the company's operations and its principal activities are set out in the Directors' report on pages 4 to 5.

#### **2 Accounting policies**

##### **Summary of significant accounting policies**

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

##### **Statement of compliance**

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

##### **Basis of accounting**

These financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

##### **Going concern**

The company has incurred losses in its early periods of trading, but turned over a profit this year and in the prior year. They also have net current assets in the current financial year. The company is supported by its Danish sister 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.

##### **Revenue**

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

## Sticks 'N' Sushi UK Limited

### Notes to the financial statements (continued) For the year ended 30 June 2018

#### 2 Accounting policies (continued)

##### Tangible assets

All fixed assets are initially recorded at cost.

##### Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Asset class	Rate
Leasehold property	between 10 - 25 years
Plant and machinery	over 5 years
Fixtures and fittings	over 5 years
Office equipment	over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### Stocks

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

##### Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.



## **Sticks 'N' Sushi UK Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2018**

#### **2 Accounting policies (continued)**

##### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **Foreign currency transactions and balances**

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.

##### **Finance costs**

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **Operating leases**

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period from when a restaurant opens until the end of the lease. The company adopts this policy so as to match rental expense with income generated by each restaurant.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

## **Sticks 'N' Sushi UK Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2018**

#### **2 Accounting policies (continued)**

##### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **Tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Sticks 'N' Sushi UK Limited

### Notes to the financial statements (continued)

For the year ended 30 June 2018

#### 3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the critical judgements, that the directors have made in the process of applying the Company's accounting policies.

Depreciation and residual values:

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

#### 4 Turnover

An analysis of the company's turnover is as follows:

	2017/2018 £ 000	2016/2017 £ 000
Restaurant sales	<u>18,500</u>	<u>15,666</u>

All restaurant sales arose within the UK.

#### 5 Operating profit

The operating profit is stated after charging/(crediting):

	2017/2018 £ 000	2016/2017 £ 000
Depreciation of tangible fixed assets	1,047	894
Exchange differences	2	3
Other operating lease rentals	1,431	1,130
Profit on disposal of property, plant and equipment	-	(1)
Defined contribution pension cost	<u>68</u>	<u>28</u>

#### 6 Exceptional item

	2017/2018 £ 000	2016/2017 £ 000
Exceptional item	<u>-</u>	<u>177</u>

The exceptional items relates to a VAT refund regarding take away sales for a period older than the financial year.

# **Sticks 'N' Sushi UK Limited**

## **Notes to the financial statements (continued)** **For the year ended 30 June 2018**

### **7 Interest payable and similar charges**

	2017/2018 £ 000	2016/2017 £ 000
Other finance costs	24	57
Loans from group undertakings	263	240
	<u>287</u>	<u>297</u>

### **8 Auditor's remuneration**

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £30,000 (2017: £39,000). The prior period amount was the amount payable to the Company's previous auditor. See table below for analysis.

	2017/2018 £ 000	2016/2017 £ 000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	30	39
Total audit fees	<u>30</u>	<u>39</u>
All other non-audit services	9	9
Total non-audit fees	<u>9</u>	<u>9</u>

## Sticks 'N' Sushi UK Limited

### Notes to the financial statements (continued) For the year ended 30 June 2018

#### 9 Staff costs

The average monthly number of employees (including executive directors) was:

	2017/2018 No.	2016/2017 No.
Administrative	12	4
Restaurant	470	224
	<u>482</u>	<u>228</u>

Their aggregate remuneration comprised:

	2017/2018 £ 000	2016/2017 £ 000
Wages and salaries	5,811	4,729
Social security costs	433	343
Cost of defined contribution scheme	68	28
	<u>6,312</u>	<u>5,100</u>

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017/2018 £ 000	2016/2017 £ 000
Remuneration	162	156
Company contributions to defined contribution pension schemes	-	7
	<u>162</u>	<u>163</u>

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of defined contribution pensions schemes. The directors are considered to be the only key management personnel of the company.

# **Sticks 'N' Sushi UK Limited**

## **Notes to the financial statements (continued)** **For the year ended 30 June 2018**

### **11 Tax on (loss)/profit**

The tax charge comprises:

	2017/2018 £ 000	2016/2017 £ 000
<b>Current taxation</b>		
UK corporation tax	153	216
UK corporation tax adjustment to prior periods	(74)	-
	<u>79</u>	<u>216</u>
<b>Total current tax</b>	<u>79</u>	<u>216</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4	225
Adjustments from previous periods	(4)	(35)
Effect of changes in tax rates	(15)	(5)
	<u>(15)</u>	<u>185</u>
<b>Total deferred tax charge/(credit)</b>	<u>(15)</u>	<u>185</u>
<b>Total tax charge/(credit) on (loss)/profit</b>	<u>64</u>	<u>401</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2017: higher than the standard rate of corporation tax in the UK) of 19% (2017: 20%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2017/2018 £ 000	2016/2017 £ 000
<b>(Loss)/profit before tax</b>	<u>(136)</u>	<u>1,256</u>
<b>Tax on (loss)/profit at standard UK corporation tax rate of 19% (2017: 20%)</b>	<u>(26)</u>	<u>248</u>
<b>Effects of:</b>		
Expense not deductible	183	193
Adjustments from previous periods	(78)	(35)
Tax rate changes	(15)	(5)
	<u>64</u>	<u>401</u>
<b>Tax charge for the year</b>	<u>64</u>	<u>401</u>

**Sticks 'N' Sushi UK Limited**

**Notes to the financial statements (continued)**  
**For the year ended 30 June 2018**

**12 Tangible assets**

	Leasehold property £ 000	Plant and machinery £ 000	Fixtures and fittings £ 000	Office equipment £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 July 2017	5,870	575	1,413	225	8,083
Additions	2,423	162	519	21	3,125
At 30 June 2018	8,293	737	1,932	246	11,208
<b>Depreciation</b>					
At 1 July 2017	1,590	420	642	165	2,817
Charge for the year	688	77	246	36	1,047
At 30 June 2018	2,278	497	888	201	3,864
<b>Net book value</b>					
At 30 June 2018	6,015	240	1,044	45	7,344
At 30 June 2017	4,280	155	771	60	5,266

None of the company's assets have a charge associated with them.

## Sticks 'N' Sushi UK Limited

### Notes to the financial statements (continued) For the year ended 30 June 2018

#### 13 Stocks

	2017/2018 £ 000	2016/2017 £ 000
Raw materials and consumables	<u>219</u>	<u>142</u>

#### 14 Debtors

	2017/2018 £ 000	2016/2017 £ 000
Amounts falling due within one year:		
Trade debtors	626	288
Other debtors	307	423
Prepayments and accrued income	<u>659</u>	<u>550</u>
	<u>1,592</u>	<u>1,261</u>

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

	Note	2017/2018 £ 000	2016/2017 £ 000
Trade creditors		1,290	807
Social security and other taxes		898	789
Other creditors		10	4
Accruals and deferred income		1,034	658
Income tax liability		295	216
Deferred taxation	16	129	144
Amounts owed to group undertakings		<u>5,371</u>	<u>5,535</u>
		<u>9,027</u>	<u>8,153</u>

The amount due from group undertakings of £5,371,000 (2017: £5,535,000) relates to a loan from its sister company. The loan is repayable on demand and interest is accruing on the loan at a rate of 5% per annum.



## Sticks 'N' Sushi UK Limited

### Notes to the financial statements (continued) For the year ended 30 June 2018

#### 16 Deferred taxation

	2017/2018 £ 000	2016/2017 £ 000
At start of year	(144)	41
Adjustment in respect of prior periods	4	35
Charged to the profit or loss	11	(220)
At end of year	<u>(129)</u>	<u>(144)</u>

The deferred tax asset/(liability) is made up as follows:

	2017/2018 £ 000	2016/2017 £ 000
Origination and reversal of timing differences	<u>(129)</u>	<u>(144)</u>
	<u>(129)</u>	<u>(144)</u>

#### 17 Called-up share capital and reserves

##### Allotted, called-up and fully paid shares

	No. 000	2017/2018 £ 000	No. 000	2016/2017 £ 000
Ordinary shares of £1 each	<u>2,010</u>	<u>2,010</u>	<u>2,010</u>	<u>2,010</u>

The company's other reserves are as follows:

##### *Profit and loss*

The profit and loss deficit represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

#### 18 Employee benefits

##### Defined contribution pension scheme

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £68,000 (2017: £28,000). Contributions totalling £21,000 (2017: £9,000) were payable to the fund at the balance sheet date.

## **Sticks 'N' Sushi UK Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2018**

#### **19 Commitments under operating leases**

##### **Operating leases**

At 30 June 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Not later than one year	2,653	1,267
Later than one year and not later than five years	10,630	6,021
Later than five years	29,434	14,369
	<u>42,717</u>	<u>21,657</u>

#### **20 Related party transactions**

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

#### **21 Parent and ultimate parent undertaking**

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.