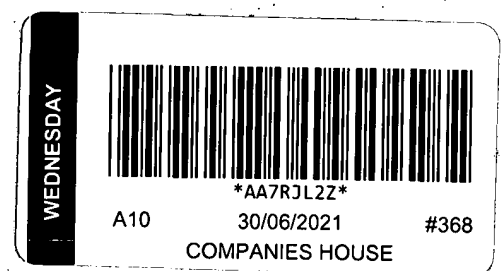


Registered number: 07307090

Sticks 'N' Sushi UK Limited

Annual report and financial statements

For the year ended 30 June 2020



Sticks 'N' Sushi UK Limited**Contents**

	Page(s)
Company information	1
Strategic report	2 - 5
Directors' report	6 - 7
Independent auditors' report to the members of Sticks 'N' Sushi UK Limited	8 - 10
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 26

Sticks 'N' Sushi UK Limited

Company information

Directors

A Karlsson
E P Holm
R W McKie

Company secretary

Quayseco Limited

Registered number

07307090

Registered office

58 Wimbledon Hill Road
London
SW19 7PA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Kingsway
Cardiff
CF10 3PW

Bankers

Dankse Bank
75 King William Street
London
EC4N 7DT

Sticks 'N' Sushi UK Limited

Strategic report For the year ended 30 June 2020

The directors present their Strategic report on the company for the year ended 30 June 2020.

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

Fair review of the business

Sticks 'N' Sushi UK Limited produces and serves healthy high-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.

The first Sticks 'N' Sushi restaurant was opened in March 1994 at Nansensgade 59 in Copenhagen and has since been followed by 11 more restaurants in the Greater Copenhagen Area, 9 in and around London and one in Berlin. Every one of these restaurants, each having its own individual design and interior, forms a natural part of the local area environment which invites comfort and togetherness.

The Sticks 'N' Sushi Group served around 1,9 million guests in our 22 restaurants or as takeaway. This requires high quality and hygiene standards, rigorous training of our staff and uniform processes. The more than 1,000 employees have all been through extensive introductory and product training courses to secure the continuous execution of high standards of quality and ensuring the best possible guest experience possible.

In addition to our 22 restaurants Sticks 'N' Sushi Holding A/S has a central kitchen at Rødovre, Copenhagen, with more than 20 employees who support the Group's restaurants with semi-finished products, sauces and desserts etc. At "Baghuset" in Nansensgade 49, Copenhagen we have our office that covers managerial and administrative support functions as well as R&D functions. Eight administrative employees are based in the UK, working primarily out of the restaurants and partly from home.

Our restaurants are experiencing a solid like for like growth both in terms of new guests as well as actual sales, which is encouraging for the future years of growth in the United Kingdom. We believe we have a very strong portfolio of restaurants, which consist of a good variety of large and small restaurants as well as within London and outside the city. We believe we have a very strong portfolio of restaurants in key locations, within London and the southeast of England. The company have in 2019/20 opened another new flagship restaurant in heart of Soho, London. In 2019/20 the company have continued its long-term digital investment programme to enhance our guest's digital experience with even more convenience and smoothness to meet the growing expectations from our guests in relation to online ordering of take-away and delivery food.

Key performance indicators (KPIs)

The company achieved a turnover of net £22.9 million in the financial year 2019/20 compared to £24.7 million in the financial year 2018/19. The company realised an EBITDA of £1.3 million against £2.4 million the year before, and an equity of £0.5 million compared to £1.0 million the year before. As the expectations for the year was a positive EBITDA the Management is, considering the Covid-19 impact, satisfied with the result of the year. Please see the section "impact of Covid-19".

Future developments

The Sticks 'N' Sushi group is continuing its investments into improving our guests' digital journey with the best online ordering experience for take-away and at the same time improving efficiency and scalability in our operation.

Sticks 'N' Sushi UK Limited

Strategic report (continued) For the year ended 30 June 2020

Principal risks and uncertainties

Sticks 'N' Sushi UK Limited 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 and local produced products and improved sustainability in combination with resource shortages and usual increase in costs for raw material will provide pressure on the profitability. A challenge of Sticks 'N' Sushi UK Limited in the years to come will be the task of finding new and improved alternatives on the raw material side.

Beside from normal financial risk operating in the hospitality sector Sticks 'N' Sushi UK Limited is subject to usual financial risks from operating in three different markets and its related exchange rate risk.

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 company consists of 9 restaurants in and outside London. Hereafter, the next step will be the opening of delivery kitchens in London and restaurant II in Berlin, Germany. (Hereafter, the next phase of growth will be to grow delivery only kitchens in key strategic areas within London as well as adding further restaurants in Berlin, Germany, with the second restaurant opening in the summer of 2021).

Business model

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

Brexit

As we are expanding and investing in our UK business, we must accept the risk derived from UK Brexit. We do not know if Brexit is going to have a serious negative long-term effect on our existing business and planned openings in UK, but we have not seen any effect so far in our sales or guest numbers. We are monitoring effects coming from the Brexit negotiations closely.

Impact of Covid-19

Sticks 'N' Sushi UK Limited was hit hard like the entire industry on 23 March 2020 when restaurant operation was instructed to cease restaurant table service. We closed the entire estate of 9 restaurants to assess a safe operation to re-open as a take-away and delivery operation only.

Already in March and April 2020, we re-opened 5 restaurants with the remaining 4 re-opened during the months of May and June following the Covid-19 secure guidelines.

Management mitigated the risk by taken advantage of furlough scheme and business rate discounts. The company received a support letter which confirmed that the parent company of the group will not require the repayment of intercompany payables for twelve months post signing date.

In May 2021 are we still effected by restrictions, but now with all restaurants open for both take-away and in-sitting guests.

Sticks 'N' Sushi UK Limited

Strategic report (continued) For the year ended 30 June 2020

Section 172(1) statement

All decisions made by the management of the group seek to enhance the long-term reputation of the business and the brand to drive benefits to each stakeholder. By engaging openly and with transparency with all stakeholders we can ensure we have comprehensively considered all the beneficiaries of the work we undertake both now and in the future.

The following table describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) in relation to our stakeholders and forms the directors' statement required under section 414CZA of The Companies Act 2006.

<i>Stakeholders group</i>	<i>How management and/or directors engaged</i>	<i>Key topics of engagement</i>	<i>Outcomes and actions</i>
Investors			
<p>Key metrics for our bond Investors are:</p> <ul style="list-style-type: none"> • adjusted EBITDA • leverage; and • interest cover <p>The ultimate investors of Sticks'n'Sushi Holding parent company, the MIE4 equity holding are also indirect stakeholders.</p>	<p>The key mechanism of engagement with our bond holders is through a quarterly investor presentation and quarterly financial reporting. Investors may also engage directly with Sticks'n'Sushi in respect of ongoing queries.</p> <p>The relationship with the restaurant group's investors is managed by the parent company.</p>	<p>Routine engagement with investors in respect of business performance and strategy.</p>	<p>No specific actions were undertaken in these areas outside the normal course of business.</p>
Suppliers			
<p>We have established relationships with suppliers across all core procurements areas, including restaurant suppliers, construction and property.</p> <p>Key metrics for our suppliers are:</p> <ul style="list-style-type: none"> • quality and service standards; • payments made within payments terms; and • environmental impact thorough carbon footprint, waste volumes. 	<p>Relationships with our suppliers are actively managed by our procurement and property teams.</p>	<p>Alongside routine engagement with our suppliers, other areas of focus during the period have included:</p> <ul style="list-style-type: none"> • impact of Brexit on our supply chain; and • responsible procurement 	<p>We have a Brexit strategy developed with input from several of our key suppliers.</p> <p>We continue to work with our suppliers to implement our strategy to reduce the impact of our business on the environment.</p>

Sticks 'N' Sushi UK Limited

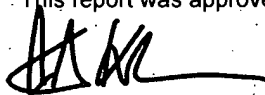
**Strategic report (continued)
For the year ended 30 June 2020**

Section 172(1) statement (continued)

<i>Stakeholders group</i>	<i>How management and/or directors engaged</i>	<i>Key topics of engagement</i>	<i>Outcomes and actions</i>
Team members			
<p>Our team members include our restaurant and backoffice employees.</p> <p>Key metrics in respect of our employees are:</p> <ul style="list-style-type: none"> • team turnover • employee satisfaction based on external metrics; and • our own survey data 	<p>Our team members are vital to the success of our business and our engagement with our customers and community.</p> <p>We engage with our team members through a variety of channels including:</p> <ul style="list-style-type: none"> • the group quarter brief; and • weekly news updates via our employee web platform <p>Employees are encouraged to share their feedback through all these channels together with the employee survey.</p>	<p>We routinely engage with our team members in respect of business strategy and performance. Other matters on which we have specifically engaged during the year include:</p> <ul style="list-style-type: none"> • Covid-19 pandemic; and • impact of Brexit on our workforce 	<p>During the pandemic we have engaged with our teams to ensure clarity around business changes and prospects and what this has meant for our teams.</p> <p>We remain engaged with our team members making sure that all guidance relating to Brexit is communicated and explained.</p>

This report was approved by the board on 29 June 2021

and signed on its behalf.



A Karlsson
Director

Sticks 'N' Sushi UK Limited

Directors' report For the year ended 30 June 2020

The directors present their report and the audited financial statements of the company for the year ended 30 June 2020.

Results and dividends

The loss for the financial year amounted to £509,000 (2019: profit of £561,000). The directors do not recommend payment of a dividend (2019: £Nil).

Future developments

Future developments are referred to in the Strategic report and included in this report by cross reference.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

A Karlsson
E P Holm
R W McKie

Going concern

The directors have prepared cash forecasts and projected funding requirements of the company for at least the next 12 months. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future on the grounds that the parent has committed to not seeking the repayment of amounts advanced to the company by the parent and/or other members of the parent group unless adequate financing has been secured by the company.

Employment of disabled persons

Applications for employment by people with disability are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned and our ability to make reasonable adjustments to the role and the work environment. In the event of existing employees becoming disabled all reasonable effort is made to ensure that their employment within the group continues. Training, career development and promotion of a disabled person is, as far as possible, identical to that of an able bodied person.

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 and financial risks and uncertainties.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

Sticks 'N' Sushi UK Limited

Directors' report (continued)
For the year ended 30 June 2020

Statement of directors' responsibilities in respect of the financial statements (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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 auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 June 2021 and signed on its behalf.



A Karlsson
Director

Sticks 'N' Sushi UK Limited

Independent auditors' report to the members of Sticks 'N' Sushi UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sticks 'N' Sushi UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2020; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Sticks 'N' Sushi UK Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Sticks 'N' Sushi UK Limited

Independent auditors' report to the members of Sticks 'N' Sushi UK Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

Date: 29 June 2021

Sticks 'N' Sushi UK Limited

**Profit and loss account
For the year ended 30 June 2020**

	Note	2020 £000	2019 £000
Turnover	5	22,894	24,693
Cost of sales		(6,624)	(6,602)
Gross profit		16,270	18,091
Administrative expenses		(17,867)	(17,027)
Other operating income	6	1,397	-
Operating (loss)/profit	7	(200)	1,064
Interest payable and similar expenses	10	(177)	(194)
(Loss)/profit before taxation		(377)	870
Tax on (loss)/profit	11	(132)	(309)
(Loss)/profit for the financial year		(509)	561

The above results were derived from continuing operations

No other comprehensive income has been recognised in the current or previous year and therefore no separate Statement of comprehensive income has been prepared.

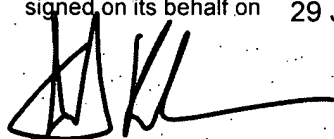
The notes on pages 14 to 26 form part of these financial statements.

Sticks 'N' Sushi UK Limited
Registered number: 07307090

Balance sheet
As at 30 June 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	12		8,530		8,386
			<u>8,530</u>		<u>8,386</u>
Current assets					
Stocks	13	311		234	
Debtors	14	1,104		2,968	
Cash at bank and in hand		1,055		108	
		<u>2,470</u>		<u>3,310</u>	
Creditors: amounts falling due within one year	15	(10,314)		(8,980)	
Net current liabilities			<u>(7,844)</u>		<u>(5,670)</u>
Total assets less current liabilities			<u>686</u>		<u>2,716</u>
Creditors: amounts falling due after more than one year	16		-		(1,588)
Provisions for liabilities					
Deferred taxation	17		(226)		(159)
Net assets			<u>460</u>		<u>969</u>
Capital and reserves					
Called up share capital	18		2,010		2,010
Accumulated losses			(1,550)		(1,041)
Total shareholders' funds			<u>460</u>		<u>969</u>

The financial statements on pages 11 to 26 were approved and authorised for issue by the board and were signed on its behalf on 29 June 2021


A Karlsson
 Director

The notes on pages 14 to 26 form part of these financial statements.

Sticks 'N' Sushi UK Limited

**Statement of changes in equity
For the year ended 30 June 2020**

	Called up share capital	Accumulated losses	Total shareholders' funds
	£000	£000	£000
At 1 July 2018	2,010	(1,602)	408
Comprehensive income for the year			
Profit for the financial year	-	561	561
Total comprehensive income for the year	-	561	561
At 30 June 2019 and 1 July 2019	2,010	(1,041)	969
Comprehensive expense for the year			
Loss for the financial year	-	(509)	(509)
Total comprehensive expense for the year	-	(509)	(509)
At 30 June 2020	2,010	(1,550)	460

The notes on pages 14 to 26 form part of these financial statements.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

1. General information

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

The company is a private company limited by shares and is incorporated and domiciled in England and Wales, within the United Kingdom. The address of its registered office is 58 Wimbledon Hill Road, London, SW19 7PA.

2. Statement of compliance

The financial statements of Sticks 'N' Sushi UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied consistently unless otherwise stated:

3.2 Going concern

The directors' have prepared cash forecasts and projected funding requirements of the company for at least the next 12 months. The directors' are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future on the grounds that the parent has committed to not seeking the repayment of amounts advanced to the company by the parent and/ or other members of the parent group unless adequate financing has been secured by the company.

3.3 Exemptions for qualifying entity under FRS 102

FRS 102 allows a qualifying entity certain exemptions, subject to certain conditions, which have been complied with the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- under FRS 102 paragraph 1.12(b) from preparing a Statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Sticks 'N' Sushi Holding A/S, includes the company's cash flows in its own consolidated financial statements;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7; and
- from disclosing related party transactions, under FRS 102 paragraph 33.1A on the basis that it is a qualifying entity and this is disclosed in its parent's financial statements.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

3. Accounting policies (continued)

3.4 Turnover

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

3.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'Interest receivable or payable'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

3.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

3.7 Interest payable and similar expenses

Interest payable and similar expenses 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.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

3. Accounting policies (continued)

3.8 Pensions

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 payment 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.

3.9 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Depreciation is provided on the following basis:

Leasehold improvements	-	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 Profit and loss account.

3.10 Stocks

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

3.11 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.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

3. Accounting policies (continued)

3.12 Cash at bank and in hand

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.

3.13 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.

3.14 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 profit or loss 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.

3.15 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, cash at bank and in hand and amounts owed by group undertakings, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

3. Accounting policies (continued)

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings 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 receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

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.

3.16 Operating leases: the company as lessee

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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

3. Accounting policies (continued)

3.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account except that a charge 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.

3.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the company's accounting policies.

(b) Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

5. Turnover

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

	2020 £000	2019 £000
Restaurant sales	22,894	24,693

All turnover arose within the United Kingdom.

6. Other operating income

	2020 £000	2019 £000
Other operating income	1,397	-

Other operating income represents grant amounts received in respect of the UK Coronavirus Government Job Retention Scheme. There are no unfulfilled conditions and other contingencies attaching to grants that have been recognised in income, the company has not directly benefited from any forms of government assistance.

7. Operating (loss)/profit

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

	2020 £000	2019 £000
Depreciation of tangible assets	1,542	1,355
Exchange differences	-	9
Fees payable to the company's auditors' and their associates for the audit of the company's annual financial statements	28	30
All other non-audit services	13	13
Other operating lease rentals	2,791	2,542
Defined contribution pension cost (note 8)	228	142

Sticks 'N' Sushi UK Limited

**Notes to the financial statements
For the year ended 30 June 2020**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	8,441	7,943
Social security costs	643	603
Other pension costs	228	142
	9,312	8,688

The average monthly number of employees, including the directors, during the year was as follows:

	2020 Number	2019 Number
Administrative	8	14
Restaurant	327	394
	335	408

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	179	295
Company contributions to defined contribution pension schemes	-	-
	179	295

The highest paid director received remuneration of £128k (2019: £179k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2019: £Nil).

10. Interest payable and similar expenses

	2020 £000	2019 £000
Other finance costs	51	66
Interest on loans from group undertakings	126	128
	177	194

Sticks 'N' Sushi UK Limited

**Notes to the financial statements
For the year ended 30 June 2020**

11. Tax on (loss)/profit

	2020 £000	2019 £000
Corporation tax		
Current tax on (losses)/profit for the year	45	344
Adjustments in respect of previous periods	30	(65)
Total current tax	75	279
Deferred tax		
Origination and reversal of timing differences	68	34
Adjustments in respect of previous periods	(27)	-
Effects of changes in tax rates	16	(4)
Total deferred tax	57	30
Total tax charge for the year	132	309

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit before taxation	(377)	870
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(72)	165
Effects of:		
Expenses not deductible	185	215
Adjustments in respect of previous periods	3	(67)
Effects of changes in tax rates	16	(4)
Total tax charge for the year	132	309

Factors that may affect future tax charges

In Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the Balance sheet date its effects are not included in these financial statements.

Sticks 'N' Sushi UK Limited

**Notes to the financial statements
For the year ended 30 June 2020**

12. Tangible assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost					
At 1 July 2019	10,354	755	2,297	275	13,681
Additions	1,157	265	242	22	1,686
At 30 June 2020	11,511	1,020	2,539	297	15,367
Accumulated depreciation					
At 1 July 2019	3,213	581	1,269	232	5,295
Charge for the year	1,062	106	344	30	1,542
At 30 June 2020	4,275	687	1,613	262	6,837
Net book value					
At 30 June 2020	7,236	333	926	35	8,530
At 30 June 2019	7,141	174	1,028	43	8,386

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

13. Stocks

	2020 £000	2019 £000
Raw materials and consumables	311	234

14. Debtors

	2020 £000	2019 £000
Trade debtors	51	694
Other debtors	1,015	588
Deferred taxation asset (note 17)	10	-
Prepayments and accrued income	28	1,686
	1,104	2,968

Amounts owed by group undertakings are unsecured, with an annual interest rate of 2.5% and repayable on demand.

Sticks 'N' Sushi UK Limited

**Notes to the financial statements
For the year ended 30 June 2020**

15. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,587	2,366
Amounts owed to group undertakings	5,169	4,550
Corporation tax	255	335
Taxation and social security	1,139	1,005
Other creditors	-	40
Accruals and deferred income	2,164	684
	10,314	8,980

Amounts owed to group undertakings are unsecured, with an annual interest rate of 2.5% and repayable on demand.

16. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Accruals and deferred income	-	1,588

17. Deferred taxation

	2020 £000	2019 £000
At beginning of year	(159)	(129)
Charged to the Profit and loss account	(57)	(30)
At end of year	(216)	(159)

Sticks 'N' Sushi UK Limited

Notes to the financial statements For the year ended 30 June 2020

17. Deferred taxation (continued)

The deferred tax balance is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(226)	(159)
Short term timing differences	10	-
	<u>(216)</u>	<u>(159)</u>

Comprising:

Asset - due within one year	10	-
Liability	(226)	(159)
	<u>(216)</u>	<u>(159)</u>

18. Called up share capital

	2020 £000	2019 £000
Allotted and fully paid		
2,009,500 (2019: 2,009,500) Ordinary shares of £1 each	2,010	2,010
	<u>2,010</u>	<u>2,010</u>

19. Pension commitments

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 £228,000 (2019: £142,000). Contributions totaling £51,667 (2019: £40,941) were payable to the fund at the Balance sheet date.

20. Commitments under operating leases

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

	2020 £000	2019 £000
Not later than 1 year	2,590	2,590
Later than 1 year and not later than 5 years	10,217	10,358
Later than 5 years	23,848	26,307
	<u>36,655</u>	<u>39,255</u>

Sticks 'N' Sushi UK Limited

**Notes to the financial statements
For the year ended 30 June 2020**

21. Guarantees

The company is a cross-guarantor of the groups £7,656,000 loan from Spar Nord Bank.

22. Related party transactions

The company has taken advantage of the exemption under FRS 102 paragraph 33.1A "Related party disclosures" from disclosing transactions and balances with wholly owned group undertakings.

Leases over the premises are guaranteed by Sticks 'N' Sushi Holding A/S.

23. Ultimate controlling party

The company is 100% owned by Sticks 'N' Sushi Holding A/S, a company incorporated in Denmark.

The smallest and largest group of undertakings of which the company is a member and for which consolidated financial statements are prepared is Sticks 'N' Sushi Holding A/S, a company incorporated in Denmark. Copies of the consolidated financial statements may be obtained from Nansengade 49, DK-1366, Copenhagen.

The ultimate controlling party is Maj Invest Equity 4 K/S, a private equity fund registered in Copenhagen, Denmark.