

Registration number: 01240558

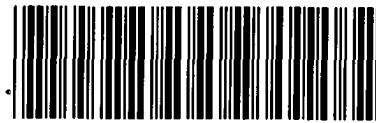
Japan Centre Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2017



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COMPANIES HOUSE

Sobell Rhodes LLP
Chartered Accountants & Statutory Auditors
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Unit 501 Centennial Park
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Elstree, Borehamwood
Hertfordshire
WD6 3FG

Japan Centre Group Limited

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Japan Centre Group Limited

Company Information

Directors	K Tokumine K Furukawa H Tokumine
Company secretary	C Loo
Registered office	5th Floor 50 Great Marlborough Street London W1F 7JS
Bankers	Barclays Bank plc
Auditors	Sobell Rhodes LLP Chartered Accountants & Statutory Auditors Ground Floor Unit 501 Centennial Park Centennial Avenue Elstree, Borehamwood Hertfordshire WD6 3FG

Japan Centre Group Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the group continued to be that of import and sale of Japanese merchandise, Japanese foods and Japanese takeaway, retail outlets and web design.

Fair review of the business

During the year ended 31 December 2017 the Group made a profit after tax of £1,046,292 (2016 - £2,377,946); its turnover was reduced from £24,964,948 to £19,043,325 following part-disposal of shares in Shoryu Holdings Limited in 2016 to Toridoll Holding Limited.

The directors are pleased to report that overall the group continues to trade satisfactorily. During the year the company sold its shareholding in Shoryu New Oxford Street Limited (formerly Ichiryu Udon Limited) to Shoryu Holdings Limited. On 31 August 2017, the company sold its shareholding in Centre People Appointments Limited to Quick Co Ltd, a company based in Osaka, Japan. Quick Co Ltd is a company listed on the Tokyo Stock Exchange. The profits on the disposal of investments are reflected in the 2017 results. The directors are confident regarding the group's long term prospects and profitability. A new flagship store at Panton Street was opened in September 2017; the existing shop at Shaftesbury Avenue is being retained to sell bento lunch boxes, ceramic products and promotional items. Both locations are trading satisfactorily.

The main warehouse and a number of supporting offices were relocated from North Acton to Park Royal in June 2018. In July 2018 Ichiba UK Ltd opened for business at the Westfield London shopping centre in West London; it is Europe's biggest Japanese food hall. The company invested in Ichiba through its subsidiary, Japan Centre Group Holdings Ltd. The other major shareholder of Ichiba is Cool Japan Fund of Japan.

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

	Unit	2017	2016
Turnover	£	15,701,608	13,975,858
Gross Profit	£	6,588,269	6,437,753
Gross Margin	%	42	46
Net Profit	£	597,396	3,097,425

Principal risks and uncertainties

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

-Market

The group could be exposed to adverse economic conditions and a decline in consumer confidence and spend in the UK, and increased competition from new arrivals. The directors believe that the group is able to trade through any downturn and challenges due to the strategic locations of the trading outlets, its reputation with customers and clients, and by regular monitoring of performances and appropriate action plans.

-Financial risk

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

Japan Centre Group Limited

Strategic Report for the Year Ended 31 December 2017

Approved by the Board on 24/9/2018 and signed on its behalf by:


K Tokumine
Director

Japan Centre Group Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the for the year ended 31 December 2017.

Directors of the group

The directors who held office during the year were as follows:

K Tokumine

K Furukawa

H Tokumine

Financial instruments

Objectives and policies

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

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and

(c) for trading purposes.

Employment of disabled persons

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.


Disclosure of information to the auditor

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

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

Approved by the Board on 24/9/2018 and signed on its behalf by:


K Tokumine
Director

Japan Centre Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 have 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 and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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.

Japan Centre Group Limited

Independent Auditor's Report to the Members of Japan Centre Group Limited

Opinion

We have audited the financial statements of Japan Centre Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 group's or the parent 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.

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.

Japan Centre Group Limited

Independent Auditor's Report to the Members of Japan Centre Group Limited

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 this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Japan Centre Group Limited

Independent Auditor's Report to the Members of Japan Centre Group Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....
Nicholas Posnansky (Senior Statutory Auditor)
For and on behalf of Sobell Rhodes LLP, Statutory Auditor

Ground Floor
Unit 501 Centennial Park
Centennial Avenue
Elstree, Borehamwood
Hertfordshire
WD6 3FG

Date: 27.9.2018

Japan Centre Group Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2017

	Note	Continuing operations 2017 £	Discontinued operations 2017 £	Total 2017 £	Continuing operations 2016 £	Discontinued operations 2016 £	Total 2016 £
Turnover	3	17,240,040	1,803,285	19,043,325	14,575,276	10,389,672	24,964,948
Cost of sales		<u>(9,480,500)</u>	<u>(985,335)</u>	<u>(10,465,835)</u>	<u>(6,795,933)</u>	<u>(4,476,386)</u>	<u>(11,272,319)</u>
Gross profit		7,759,540	817,950	8,577,490	7,779,343	5,913,286	13,692,629
Administrative expenses		<u>(8,188,108)</u>	<u>(724,549)</u>	<u>(8,912,657)</u>	<u>(5,428,306)</u>	<u>(5,174,398)</u>	<u>(10,602,704)</u>
Other operating income	4	1,875,000	5,635	1,880,635	75,235	3,084	78,319
Exceptional items		<u>(145,901)</u>	<u>-</u>	<u>(145,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating profit	6	<u>1,300,531</u>	<u>99,036</u>	<u>1,399,567</u>	<u>2,426,272</u>	<u>741,972</u>	<u>3,168,244</u>
Other interest receivable and similar income	7	28	-	28	-	125	125
Interest payable and similar charges	8	<u>(92,469)</u>	<u>401</u>	<u>(92,068)</u>	<u>(232,674)</u>	<u>(147,909)</u>	<u>(380,583)</u>
		(92,441)	401	(92,040)	(232,674)	(147,784)	(380,458)
Share of loss of equity accounted investees		<u>(208,388)</u>	<u>-</u>	<u>(208,388)</u>	<u>(184,939)</u>	<u>-</u>	<u>(184,939)</u>
Profit before tax		999,702	99,437	1,099,139	2,008,659	594,188	2,602,847
Taxation	11	<u>(32,937)</u>	<u>(19,910)</u>	<u>(52,847)</u>	<u>(97,992)</u>	<u>(126,909)</u>	<u>(224,901)</u>
Profit for the financial year		<u>966,765</u>	<u>79,527</u>	<u>1,046,292</u>	<u>1,910,667</u>	<u>467,279</u>	<u>2,377,946</u>

The notes on pages 20 to 39 form an integral part of these financial statements.
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Japan Centre Group Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2017

	Continuing operations 2017 £	Discontinued operations 2017 £	Total 2017 £	Continuing operations 2016 £	Discontinued operations 2016 £	Total 2016 £
Profit/(loss) attributable to:						
Owners of the company	965,518	61,103	1,026,621	1,857,386	376,133	2,233,519
Non-controlling interests	<u>1,247</u>	<u>18,424</u>	<u>19,671</u>	<u>53,281</u>	<u>91,146</u>	<u>144,427</u>
	<u>966,765</u>	<u>79,527</u>	<u>1,046,292</u>	<u>1,910,667</u>	<u>467,279</u>	<u>2,377,946</u>

The group has no recognised gains or losses for the year other than the results above.

Japan Centre Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2017

		(As restated)	
	Note	2017 £	2016 £
Profit for the year		<u>1,046,292</u>	<u>2,377,946</u>
Total comprehensive income for the year		<u><u>1,046,292</u></u>	<u><u>2,377,946</u></u>
Total comprehensive income attributable to:			
Owners of the company		1,026,621	2,233,519
Minority interests		<u>19,671</u>	<u>144,427</u>
		<u><u>1,046,292</u></u>	<u><u>2,377,946</u></u>

The notes on pages 20 to 39 form an integral part of these financial statements.

Japan Centre Group Limited

(Registration number: 01240558)

Consolidated Balance Sheet as at 31 December 2017

		(As restated)	
	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	4,083,066	1,346,678
Investments	13	142,062	263,451
Other financial assets	14	<u>35,744</u>	<u>-</u>
		<u>4,260,872</u>	<u>1,610,129</u>
Current assets			
Stocks	15	1,489,180	1,856,892
Debtors	16	3,564,021	2,977,830
Cash at bank and in hand		<u>2,344,931</u>	<u>2,518,421</u>
		7,398,132	7,353,143
Creditors: Amounts falling due within one year	18	<u>(5,454,079)</u>	<u>(4,157,951)</u>
Net current assets		<u>1,944,053</u>	<u>3,195,192</u>
Total assets less current liabilities		6,204,925	4,805,321
Creditors: Amounts falling due after more than one year	18	(1,625,021)	(1,127,676)
Provisions for liabilities		<u>(91,924)</u>	<u>(81,391)</u>
Net assets		<u>4,487,980</u>	<u>3,596,254</u>
Capital and reserves			
Called up share capital	20	5,000	5,000
Share premium reserve		1,809	1,809
Capital redemption reserve		7,474	7,474
Profit and loss account		<u>4,470,928</u>	<u>3,488,852</u>
Equity attributable to owners of the company		4,485,211	3,503,135
Minority interests		<u>2,769</u>	<u>93,119</u>
Total equity		<u>4,487,980</u>	<u>3,596,254</u>

Approved and authorised by the Board on 24/9/2018 and signed on its behalf by:



K Tokumine

Director

The notes on pages 20 to 39 form an integral part of these financial statements.

Japan Centre Group Limited
(Registration number: 01240558)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	3,214,796	1,045,936
Investments	13	544,253	571,973
Other financial assets	14	<u>35,744</u>	<u>-</u>
		<u>3,794,793</u>	<u>1,617,909</u>
Current assets			
Stocks	15	1,328,052	1,686,097
Debtors	16	4,082,883	3,392,536
Cash at bank and in hand		<u>2,153,363</u>	<u>2,112,346</u>
		7,564,298	7,190,979
Creditors: Amounts falling due within one year	18	<u>(5,097,600)</u>	<u>(3,605,865)</u>
Net current assets		<u>2,466,698</u>	<u>3,585,114</u>
Total assets less current liabilities		6,261,491	5,203,023
Creditors: Amounts falling due after more than one year	18	(1,625,021)	(1,127,676)
Provisions for liabilities		<u>(91,564)</u>	<u>(70,956)</u>
Net assets		<u>4,544,906</u>	<u>4,004,391</u>
Capital and reserves			
Called up share capital		5,000	5,000
Profit and loss account		<u>4,539,906</u>	<u>3,999,391</u>
Total equity		<u>4,544,906</u>	<u>4,004,391</u>

Approved and authorised by the Board on 24/9/2018 and signed on its behalf by:


K Tokumine
Director

Japan Centre Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017
Equity attributable to the parent company

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 January 2017	5,000	1,809	7,474	3,488,852	3,503,135	93,119	3,596,254
Profit for the year	-	-	-	1,026,621	1,026,621	19,671	1,046,292
Total comprehensive income	-	-	-	1,026,621	1,026,621	19,671	1,046,292
Dividends	-	-	-	(44,545)	(44,545)	-	(44,545)
Decrease in ownership interests in subsidiaries	-	-	-	-	-	(110,034)	(110,034)
Acquisition of subsidiaries, increase/(decrease) in equity	-	-	-	-	-	13	13
At 31 December 2017	5,000	1,809	7,474	4,470,928	4,485,211	2,769	4,487,980

The notes on pages 20 to 39 form an integral part of these financial statements.
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Japan Centre Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017
Equity attributable to the parent company

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 January 2016	5,000	1,809	7,474	1,892,397	1,906,680	1,191,082	3,097,762
Profit for the year	-	-	-	2,233,519	2,233,519	144,427	2,377,946
Total comprehensive income	-	-	-	2,233,519	2,233,519	144,427	2,377,946
Dividends	-	-	-	(637,064)	(637,064)	-	(637,064)
Decrease in ownership interests in subsidiaries	-	-	-	-	-	(1,242,390)	(1,242,390)
At 31 December 2016	<u>5,000</u>	<u>1,809</u>	<u>7,474</u>	<u>3,488,852</u>	<u>3,503,135</u>	<u>93,119</u>	<u>3,596,254</u>

The notes on pages 20 to 39 form an integral part of these financial statements.
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Japan Centre Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Profit and loss account £	Total £
At 1 January 2017	5,000	3,999,391	4,004,391
Profit for the year	-	570,015	570,015
Total comprehensive income	-	570,015	570,015
Dividends	-	(29,500)	(29,500)
At 31 December 2017	5,000	4,539,906	4,544,906
	Share capital £	Profit and loss account £	Total £
At 1 January 2016	5,000	1,401,966	1,406,966
Profit for the year	-	3,097,425	3,097,425
Total comprehensive income	-	3,097,425	3,097,425
Dividends	-	(500,000)	(500,000)
At 31 December 2016	5,000	3,999,391	4,004,391

The notes on pages 20 to 39 form an integral part of these financial statements.
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Japan Centre Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	(As restated) 2016 £
Cash flows from operating activities			
Profit for the year		1,046,292	2,377,946
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	607,000	673,611
Loss on disposal of tangible assets	5	171,358	-
Profit from disposals of investments	5	(1,062,479)	(2,907,021)
Finance income	7	(28)	(125)
Finance costs	8	205,625	166,349
Share of (loss)/profit of equity accounted investees		208,388	184,939
Income tax expense	11	52,847	224,901
		<u>1,229,003</u>	<u>720,600</u>
Working capital adjustments			
Decrease/(increase) in stocks	15	367,712	(637,860)
(Increase)/decrease in trade debtors	16	(586,191)	107,763
Increase/(decrease) in trade creditors	18	1,067,685	(1,123,052)
Decrease in provisions		<u>(7,237)</u>	<u>(106,396)</u>
Cash generated from operations		2,070,972	(1,038,945)
Income taxes paid	11	<u>(121,766)</u>	<u>(317,891)</u>
Net cash flow from operating activities		<u>1,949,206</u>	<u>(1,356,836)</u>
Cash flows from investing activities			
Interest received		28	125
Acquisition of tangible assets		(3,649,775)	(1,847,805)
Proceeds from sale of tangible assets		135,029	3,147,801
Acquisition of intangible assets		-	(402,893)
Proceeds from sale of intangible assets		-	605,423
Purchase of trading investments		(35,744)	-
Acquisition of investments	13	(352,800)	(448,390)
Proceeds from disposal of investments		<u>1,328,280</u>	<u>2,907,021</u>
Net cash flows from investing activities		<u>(2,574,982)</u>	<u>3,961,282</u>

The notes on pages 20 to 39 form an integral part of these financial statements.

Japan Centre Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	(As restated) 2016 £
Cash flows from financing activities			
Interest paid	8	(205,625)	(166,349)
Proceeds from bank borrowing draw downs		-	916,875
Repayment of bank borrowing		(572,416)	-
Proceeds from other borrowing draw downs		1,464,570	150,495
Repayment of other borrowing		(79,678)	(455,782)
Minority interest adjustments		(110,020)	(1,242,390)
Dividends paid		<u>(44,545)</u>	<u>(637,064)</u>
Net cash flows from financing activities		<u>452,286</u>	<u>(1,434,215)</u>
Net (decrease)/increase in cash and cash equivalents		(173,490)	1,170,231
Cash and cash equivalents at 1 January		<u>2,518,421</u>	<u>1,348,190</u>
Cash and cash equivalents at 31 December		<u><u>2,344,931</u></u>	<u><u>2,518,421</u></u>

The notes on pages 20 to 39 form an integral part of these financial statements.

Japan Centre Group Limited

Statement of Cash Flows for the Year Ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year	570,015	3,097,425
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	605,440	236,077
Loss on disposal of tangible assets	171,358	-
Profit from disposals of investments	(1,144,911)	(3,204,661)
Finance income	(46,101)	(222,935)
Finance costs	205,620	76,516
Income tax expense	27,381	-
	388,802	(17,578)
Working capital adjustments		
Decrease/(increase) in stocks	358,045	(626,016)
Increase in trade debtors	(690,347)	(2,377,233)
Increase in trade creditors	1,169,830	1,066,584
Cash generated from operations	1,226,330	(1,954,243)
Income taxes paid	-	(32,749)
Net cash flow from operating activities	1,226,330	(1,986,992)
Cash flows from investing activities		
Interest received	46,101	222,935
Acquisition of subsidiaries	(353,590)	(290,000)
Proceeds from sale of subsidiaries	1,526,221	3,303,822
Acquisitions of tangible assets	(2,945,657)	(338,683)
Purchase of trading investments	(35,744)	-
Net cash flows from investing activities	(1,762,669)	2,898,074
Cash flows from financing activities		
Interest paid	(205,620)	(76,516)
Proceeds from bank borrowing draw downs	-	916,875
Repayment of bank borrowing	(572,416)	-
Proceeds from other borrowing draw downs	1,464,570	150,495
Repayment of other borrowing	(79,678)	-
Dividends paid	(29,500)	(500,000)
Net cash flows from financing activities	577,356	490,854
Net increase in cash and cash equivalents	41,017	1,401,936
Cash and cash equivalents at 1 January	2,112,346	710,410
Cash and cash equivalents at 31 December	2,153,363	2,112,346

The notes on pages 20 to 39 form an integral part of these financial statements.

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

5th Floor
50 Great Marlborough Street
London
W1F 7JS

The principal place of business is:

Unit B
Premier Park Road
Park Royal
London
W1F 7JS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 preparation

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

The financial statements are presented in Sterling (£).

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2017.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £570,015 (2016 - profit of £3,097,425).

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

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

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	Over the remaining period of the lease
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill on consolidation	Over 10 years
Patents, trademarks and licences	Over 10 years

Investments

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

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.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

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

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

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Defined contribution pension obligation

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

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

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2017	2016
	£	£
Sale of goods, food and drinks and provision of services	18,402,393	24,881,723
Management charges receivable	363,987	-
Other revenue	276,945	83,225
	19,043,325	24,964,948

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2017	2016
	£	£
Other operating income	-	3,084
Exceptional income	1,880,635	75,235
	1,880,635	78,319

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2017	(As restated) 2016
	£	£
Gain (loss) on disposal of property, plant and equipment	(171,358)	-
Gain (loss) from disposals of investments	1,062,479	2,907,021
	891,121	2,907,021

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

6 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	607,000	600,715
Amortisation expense	-	72,896
Operating lease expense - other	1,091,445	2,136,796
Loss on disposal of property, plant and equipment	171,358	-
	1,870,609	2,810,407

7 Other interest receivable and similar income

	2017	2016
	£	£
Other finance income	28	125
	28	125

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	12,845	21,738
Interest on obligations under finance leases and hire purchase contracts	140,125	74,734
Interest expense on other finance liabilities	52,655	69,877
Foreign exchange (gains) / losses	(113,557)	214,234
	92,068	380,583

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£	£
Wages and salaries	6,005,966	9,072,415
Social security costs	523,698	750,887
Pension costs, defined contribution scheme	113,824	99,438
Other employee expense	65,196	98,465
	6,708,684	10,021,205

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2017	2016
	No.	No.
Administrative staff	17	37
Full time and part time sales staff	216	406
	233	443

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	824,411	504,980
Contributions paid to money purchase schemes	42,231	21,969
	866,642	526,949

11 Taxation

Tax charged/(credited) in the income statement

	2017	2016
	£	£
Current taxation		
UK corporation tax	35,077	237,563
UK corporation tax adjustment to prior periods	-	(3,879)
	35,077	233,684
Deferred taxation		
Arising from origination and reversal of timing differences	17,770	(8,783)
Tax expense in the income statement	52,847	224,901

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

		(As restated)
	2017	2016
	£	£
Profit before tax	1,099,139	2,602,847
Corporation tax at standard rate	176,867	520,569
Effect of revenues exempt from taxation	(8,875)	-
Effect of expense not deductible in determining taxable profit (tax loss)	(81,928)	(393,195)
Effect of tax losses	(120,450)	-
Increase in UK and foreign current tax from adjustment for prior periods	-	3,880
Tax increase from effect of capital allowances and depreciation	76,649	15,525
Tax increase from other short-term timing differences	10,584	81,391
Tax decrease arising from group relief	-	(3,269)
Total tax charge	52,847	224,901

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2017	
Excess of taxation allowances over depreciation on fixed assets	<u>71,316</u>

	Liability £
2016	
Excess of taxation allowances over depreciation on fixed assets	<u>81,390</u>

Company

Deferred tax assets and liabilities

	Asset £
2017	
Excess of taxation allowances over depreciation on fixed assets	<u>20,608</u>

12 Tangible assets

Group

	Leasehold Property £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2017	868,626	1,306,285	245,418	2,420,329
Additions	2,573,267	1,076,508	-	3,649,775
Disposals	<u>(171,512)</u>	<u>(658,119)</u>	-	<u>(829,631)</u>
At 31 December 2017	<u>3,270,381</u>	<u>1,724,674</u>	<u>245,418</u>	<u>5,240,473</u>
Depreciation				
At 1 January 2017	257,972	703,164	112,515	1,073,651
Charge for the year	315,221	236,847	54,932	607,000
Eliminated on disposal	<u>(30,765)</u>	<u>(492,479)</u>	-	<u>(523,244)</u>
At 31 December 2017	<u>542,428</u>	<u>447,532</u>	<u>167,447</u>	<u>1,157,407</u>
Carrying amount				
At 31 December 2017	<u>2,727,953</u>	<u>1,277,142</u>	<u>77,971</u>	<u>4,083,066</u>
At 31 December 2016	<u>610,654</u>	<u>603,121</u>	<u>132,903</u>	<u>1,346,678</u>

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Included within the net book value of land and buildings above is £2,727,953 (2016 - £610,654) in respect of short leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2017 £	2016 £
Furniture, fittings and equipment	664,054	120,226
Motor vehicles	45,861	51,483
Leasehold	974,690	-
	1,684,605	171,709

Company

	Leasehold Property £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2017	744,093	1,119,017	245,418	2,108,528
Additions	1,877,141	1,068,518	-	2,945,659
Disposals	(95,091)	(562,682)	-	(657,773)
At 31 December 2017	2,526,143	1,624,853	245,418	4,396,414
Depreciation				
At 1 January 2017	269,802	680,275	112,515	1,062,592
Charge for the year	315,221	235,287	54,932	605,440
Eliminated on disposal	(23,391)	(463,023)	-	(486,414)
At 31 December 2017	561,632	452,539	167,447	1,181,618
Carrying amount				
At 31 December 2017	1,964,511	1,172,314	77,971	3,214,796
At 31 December 2016	474,291	438,742	132,903	1,045,936

Included within the net book value of land and buildings above is £1,964,512 (2016 - £474,291) in respect of short leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

	2017	2016
	£	£
Furniture, fittings and equipment	664,054	120,226
Motor vehicles	45,861	51,483
Leasehold	974,690	-
	1,684,605	171,709

13 Investments

Group

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Associates				
Sakagura UK Limited	England and Wales	Ordinary shares	29%	29%
Shoryu Holdings Limited (Group)	England and Wales	Ordinary shares	25.21%	25.21%

Associate undertakings

The principal activity of Sakagura UK Limited is the operation of a restaurant. .

The principal activity of Shoryu Holdings Limited (Group) is a holding company .

Company

	2017	2016
	£	£
Investments in subsidiaries	544,253	571,973

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Subsidiaries	£
Cost or valuation	
At 1 January 2017	571,973
Additions	353,590
Disposals	<u>(381,310)</u>
At 31 December 2017	<u>544,253</u>
Provision	
Carrying amount	
At 31 December 2017	<u>544,253</u>
At 31 December 2016	<u>571,973</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Centre Appointments Ltd	People England and Wales	Ordinary shares	0%	76.83%
Rosinter-Umai Limited	CK England and Wales	Ordinary shares	0%	50%
Umai Limited	England and Wales	Ordinary shares	0%	100%
Japan Centre (On-Line) Limited	England nad Wales	Ordinary shares	100%	100%
Centre Creative Limited	England and Wales	Ordinary shares	93%	93%
Japan Centre S.A.R.L	Paris France	Ordinary shares	100%	100%
Sakagura Co Limited	England and Wales	Ordinary shares	0%	100%
Sakegura Co Limited	England and Wales	Ordinary Shares	0%	100%

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
Japan Centre Bakery Limited	England and Wales	Ordinary shares	93%	93%
Japan Centre Group Holdings Limited	England and Wales	Ordinary	100%	0%
Ichiba UK Limited	England and Wales	Ordinary	100%	0%
Japan Centre Ichiba Limited	England and Wales	Ordinary	100%	0%
Kaen Firehouse Limited	England and Wales	Ordinary	100%	0%
Associates				
Sakagura UK Limited	England and Wales	Ordinary shares	29%	29%
Shoryu Holdings Limited (Group)	England and Wales	Ordinary shares	25.21%	25.21%

The principal activity of Centre People Appointments Ltd is staff recruitment agency

The principal activity of Rosinter-Umai CK Limited is a dormant company (Dissolved on 2/5/2017).

The principal activity of Umai Limited is a dormant company (Dissolved on 19/12/2017).

The principal activity of Japan Centre (On-Line) Limited is online retail sales.

The principal activity of Centre Creative Limited is web design.

The principal activity of Japan Centre Paris S.A.R.L is the operation of a restaurant, however the company has not commences trading.

The principal activity of Sakagura Co Limited is a dormant company (Dissolved on 19/12/2017).

The principal activity of Sakegura Co Limited is a dormant company (Dissolved on 19/12/2017).

The principal activity of Japan Centre Bakery Limited is the supply of food, cakes and other bakery products.

The principal activity of Japan Centre Group Holdings Limited is a dormant company.

The principal activity of Ichiba UK Limited is a dormany company.

The principal activity of Japan Centre Ichiba Limited is a dormant company.

The principal activity of Kaen Firehouse Limited is a dormant company.

The principal activity of Sakagura UK Limited is the operation of a restaurant.

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

14 Other financial assets

Group

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
Additions	<u>35,744</u>	<u>35,744</u>
At 31 December 2017	<u>35,744</u>	<u>35,744</u>
Impairment		
Carrying amount		
At 31 December 2017	<u><u>35,744</u></u>	<u><u>35,744</u></u>

Company

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
Additions	<u>35,744</u>	<u>35,744</u>
At 31 December 2017	<u>35,744</u>	<u>35,744</u>
Impairment		
Carrying amount		
At 31 December 2017	<u><u>35,744</u></u>	<u><u>35,744</u></u>

15 Stocks

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Inventories	<u>1,489,180</u>	<u>1,856,892</u>	<u>1,328,052</u>	<u>1,686,097</u>

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

16 Debtors

	Note	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Trade debtors		273,776	264,020	264,550	102,023
Amounts owed by related parties	23	2,308,510	1,622,305	3,223,240	2,347,850
Other debtors		661,390	669,637	300,610	581,981
Prepayments		320,345	421,868	294,483	360,682
Total current trade and other debtors		3,564,021	2,977,830	4,082,883	3,392,536

17 Cash and cash equivalents

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cash on hand	9,065	6,859	8,321	6,742
Cash at bank	2,335,866	2,511,562	2,145,042	2,105,604
	2,344,931	2,518,421	2,153,363	2,112,346

18 Creditors

	Note	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Due within one year					
Loans and borrowings	21	1,082,813	767,681	1,082,813	767,681
Trade creditors		1,658,736	2,342,044	1,365,218	2,223,449
Amounts due to related parties	23	16,918	205,061	18,259	270,856
Social security and other taxes		415,706	226,292	425,278	31,223
Outstanding defined contribution pension costs		29,984	26,893	28,594	25,583
Other payables		1,286,367	80,840	1,286,367	30,407
Accrued expenses		952,243	411,139	884,298	256,666
Corporation tax	11	11,312	98,001	6,773	-
		5,454,079	4,157,951	5,097,600	3,605,865
Due after one year					
Loans and borrowings	21	1,625,021	1,127,676	1,625,021	1,127,676

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £113,824 (2016 - £99,438).

Contributions totalling £29,984 (2016 - £26,892) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

21 Loans and borrowings

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Non-current loans and borrowings				
Bank borrowings	551,625	783,375	551,625	783,375
Finance lease liabilities	936,914	118,610	936,914	118,610
Other borrowings	<u>136,482</u>	<u>225,691</u>	<u>136,482</u>	<u>225,691</u>
	<u>1,625,021</u>	<u>1,127,676</u>	<u>1,625,021</u>	<u>1,127,676</u>

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Current loans and borrowings				
Bank borrowings	231,750	572,416	231,750	572,416
Finance lease liabilities	611,845	115,578	611,845	115,578
Other borrowings	<u>239,218</u>	<u>79,687</u>	<u>239,218</u>	<u>79,687</u>
	<u>1,082,813</u>	<u>767,681</u>	<u>1,082,813</u>	<u>767,681</u>

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Group

Bank borrowings

Barclays Bank loan is denominated in Sterling with a nominal interest rate of 3.80%, and the final instalment is due on 19 August 2020. The carrying amount at year end is £240,000 (2016 - £330,000).

The group was party to a multilateral cross guarantee and debenture dated 8 December 2005 given by associated companies of Japan Centre Group Limited to secure group borrowings. A limited guarantee has been given by Mr K Tokumine.

Barclays Bank loan is denominated in Sterling with a nominal interest rate of 3.3%, and the final instalment is due on 11 October 2021. The carrying amount at year end is £543,375 (2016 - £685,121).

The group was party to a multilateral cross guarantee and debenture dated 8 December 2005 given by associated companies of Japan Centre Group Limited to secure group borrowings. A limited guarantee has been given by Mr K Tokumine.

Company

Bank borrowings

Barclays Bank loan is denominated in Sterling with a nominal interest rate of 3.80%, and the final instalment is due on 19 August 2020. The carrying amount at year end is £240,000 (2016 - £330,000).

The company is party to a multilateral cross guarantee and debenture dated 8 December 2005 given by associated companies of Japan Centre Group Limited to secure group borrowings. A limited guarantee has been given by Mr K Tokumine.

Barclay Bank Loan is denominated in Sterling with a nominal interest rate of 3.3%, and the final instalment is due on 11 October 2021. The carrying amount at year end is £543,375 (2016 - £685,121).

The company is party to a multilateral cross guarantee and debenture dated 8 December 2005 given by associated companies of Japan Centre Group Limited to secure group borrowings. A limited guarantee has been given by Mr K Tokumine.

22 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	611,845	115,578
Later than one year and not later than five years	936,914	118,610
	<u>1,548,759</u>	<u>234,188</u>

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	973,214	357,692
Later than one year and not later than five years	1,864,289	1,773,262
Later than five years	5,393,317	4,616,722
	<u>8,230,820</u>	<u>6,747,676</u>

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2016 - £620,179).

Company

Finance leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	611,845	115,578
Later than one year and not later than five years	936,914	118,610
	1,548,759	234,188

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	973,214	357,692
Later than one year and not later than five years	1,864,289	1,506,294
Later than five years	5,393,317	4,455,429
	8,230,820	6,319,415

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2016 - £530,111).

23 Related party transactions

Group

Key management compensation

	2017	2016
	£	£
Salaries and other short term employee benefits	872,484	550,997
Dividends paid to directors		

	2017	2016
	£	£
The directors	42,045	637,064

Income and receivables from related parties

	Entities with joint control or significant influence	Associates
	£	£
2017		
Amounts receivable from related party	980,708	1,327,802

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

	Entities with joint control or significant influence £	Associates £	Other related parties £
2016			
Sale of goods	-	2,716,141	-
Amounts receivable from related party	873,442	722,180	3,503

Expenditure with and payables to related parties

			Other related parties £
2017			
Amounts payable to related party			(16,912)
2016			
Amounts payable to related party			(150,680)

Company

Key management compensation

	2017 £	2016 £
Salaries and other short term employee benefits	638,259	231,058
Dividends paid to directors		

	2017 £	2016 £
The Directors	27,000	500,000

Summary of transactions with subsidiaries

During the year the company received dividends of £46,101 (2016 - £222,935) from subsidiaries.

Income and receivables from related parties

	Entities with joint control or significant influence £	Subsidiary £	Associates £	Other related parties £
2017				
Sale of goods	-	316,868	3,328,158	-
Management charge receivable	-	-	310,427	-
	-	316,868	3,638,585	-
Amounts receivable from related party	1,595,950	71,124	2,204,688	711,372

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

	Entities with joint control or significant influence £	Subsidiary £	Associates £
2016			
Sale of goods	-	831,369	2,716,141
Dividends receivable from related party	<u>922,958</u>	<u>26,084</u>	<u>1,642,480</u>

Expenditure with and payables to related parties

	Entities with joint control or significant influence £	Subsidiary £	Associates £
2017			
Purchase of goods	-	62,573	-
Amounts payable to related party	<u>(18,267)</u>	<u>-</u>	<u>(18,267)</u>

	Entities with joint control or significant influence £	Subsidiary £	Associates £	Other related parties £
2016				
Purchase of goods	-	123,498	-	-
Amounts payable to related party	<u>(224,646)</u>	<u>-</u>	<u>(224,646)</u>	<u>(10,211)</u>

Loans to related parties

	Key management £
2017	
At start of period	23,294
Advanced	3,698
Repaid	<u>(27,000)</u>
At end of period	<u>(8)</u>

24 Parent and ultimate parent undertaking

The ultimate controlling party is Mr K Tokumine.

Japan Centre Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

25 Prior year adjustment

The financial statements for the prior year have been restated to recognise that the profit on disposal of a subsidiary was overstated due to the minority interest eliminated on disposal being overstated. The recognition of this event has resulted in the re-statement on the consolidated Balance Sheet and also the consolidated Profit and loss account. The effect of the prior year adjustment on the consolidated profit and loss and consolidated balance sheet results is summarised below:

Effect on Consolidated Profit and Loss	£
Profit previously reported for the year ended 31 December 2016	2,957,645
Decrease in (profit)/loss on disposal of FA investment	(579,699)
Restated profit for the year ended	<u>2,377,946</u>
Effect on Consolidated Balance Sheet	£
Minority Interests previously reported for the year ended 31 December 2017	(486,582)
Decrease in minority interest eliminated on sale of subsidiary	579,699
Restated Minority Interest for the year	<u><u>93,117</u></u>