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Registration number: 01240558

# Japan Centre Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2016



Sobell Rhodes LLP  
Chartered Accountants & Statutory Auditor  
Ground Floor  
Unit 501 Centennial Park  
Centennial Avenue  
Elstree, Borehamwood  
Hertfordshire  
WD6 3FG

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# Japan Centre Group Limited

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## **Japan Centre Group Limited**

### **Company Information**

<b>Directors</b>	K Tokumine K Furukawa H Tokumine
<b>Company secretary</b>	C Loo
<b>Registered office</b>	5th Floor 50 Great Marlborough Street London W1F 7JS
<b>Bankers</b>	Barclays Bank plc
<b>Auditors</b>	Sobell Rhodes LLP Chartered Accountants & Statutory Auditor 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 2016

The directors present their strategic report for the year ended 31 December 2016.

#### Principal activity

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

#### Fair review of the business

During the year ended 31 December 2016 the Group made a profit after tax of £2,957,645 (2015 - £1,337,596) and increased its turnover from £21,580,631 to £24,964,948.

The directors are pleased to report that all the group companies continue to trade satisfactorily. During the year, the company sold its shareholding in Shoryu Stratford Limited (formerly Rosinter-Umai UK Limited) to Shoryu Holdings Limited. On 22nd December 2016, the company sold a part of its holding in Shoryu Holdings Limited to Toridoll Holding Limited, a company based in Hong Kong. Toridoll Holding Limited is a subsidiary of Toridoll Holdings Corporation, a company listed on the Tokyo Stock Exchange. The profits on the disposal of investments is reflected in the 2016 results. The company acquired a new subsidiary in the year Japan Centre Bakery Limited. The directors are confident regarding the group's long term prospects and profitability.

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

	Unit	2016	2015
Turnover	£	13,975,858	10,986,318
Gross Profit	£	6,437,753	5,569,110
Gross Margin	%	46	51
Net Profit	£	3,097,425	696,516

#### 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.

Approved by the Board on 12/7/2017 and signed on its behalf by:

K Tokumine  
Director



## Japan Centre Group Limited

### Directors' Report for the Year Ended 31 December 2016

The directors present their report and the for the year ended 31 December 2016.

#### **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 12/7/2017 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**

We have audited the financial statements of Japan Centre Group Limited for the year ended 31 December 2016, set out on pages 7 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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.

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2016 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.

#### **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.

In the light of our knowledge and understanding of the 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.

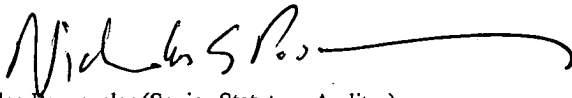
## Japan Centre Group Limited

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

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

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



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: 17/7/2017

## Japan Centre Group Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2016

	Note	Continuing operations 31 December 2016 £	Discontinued operations 31 December 2016 £	Total 31 December 2016 £	Continuing operations 31 December 2015 £
Turnover	3	14,575,276	10,389,672	24,964,948	21,580,631
Cost of sales		<u>(6,795,934)</u>	<u>(4,476,386)</u>	<u>(11,272,320)</u>	<u>(9,639,542)</u>
Gross profit		7,779,342	5,913,286	13,692,628	11,941,089
Administrative expenses		(8,053,267)	(5,174,398)	(13,227,665)	(10,563,893)
Other operating income	4	<u>3,279,896</u>	<u>3,084</u>	<u>3,282,980</u>	<u>315,032</u>
Operating profit	6	<u>3,005,971</u>	<u>741,972</u>	<u>3,747,943</u>	<u>1,692,228</u>
Income from shares in group undertakings		(222,935)	-	(222,935)	(153,669)
Other interest receivable and similar income	7	222,935	125	223,060	154,864
Interest payable and similar charges	8	<u>(232,674)</u>	<u>(147,909)</u>	<u>(380,583)</u>	<u>(90,563)</u>
		(232,674)	(147,784)	(380,458)	(89,368)
Share of loss of equity accounted investees		<u>(184,939)</u>	-	<u>(184,939)</u>	-
Profit before tax		2,588,358	594,188	3,182,546	1,602,860
Taxation	12	<u>(97,992)</u>	<u>(126,909)</u>	<u>(224,901)</u>	<u>(265,264)</u>
Profit for the financial year		<u>2,490,366</u>	<u>467,279</u>	<u>2,957,645</u>	<u>1,337,596</u>
<b>Profit/(loss) attributable to:</b>					
Owners of the company		2,437,085	376,133	2,813,218	844,396
Non-controlling interests		<u>53,281</u>	<u>91,146</u>	<u>144,427</u>	<u>493,200</u>
		<u>2,490,366</u>	<u>467,279</u>	<u>2,957,645</u>	<u>1,337,596</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 2016

	Note	2016 £	2015 £
Profit for the year		<u>2,957,645</u>	<u>1,337,596</u>
Total comprehensive income for the year		<u><u>2,957,645</u></u>	<u><u>1,337,596</u></u>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		2,813,218	844,396
Minority interests		<u>144,427</u>	<u>493,200</u>
		<u><u>2,957,645</u></u>	<u><u>1,337,596</u></u>

The notes on pages 17 to 36 form an integral part of these financial statements.

**Japan Centre Group Limited**  
**(Registration number: 01240558)**  
**Consolidated Balance Sheet as at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	13	-	275,426
Tangible assets	14	1,346,678	3,273,132
Investments	15	263,451	-
		<u>1,610,129</u>	<u>3,548,558</u>
<b>Current assets</b>			
Stocks	16	1,856,891	1,219,032
Debtors	17	3,914,275	4,777,760
Cash at bank and in hand		2,518,421	1,431,201
		<u>8,289,587</u>	<u>7,427,993</u>
<b>Creditors: Amounts falling due within one year</b>	19	<u>(5,094,396)</u>	<u>(6,878,307)</u>
<b>Net current assets</b>		<u>3,195,191</u>	<u>549,686</u>
<b>Total assets less current liabilities</b>		4,805,320	4,098,244
<b>Creditors: Amounts falling due after more than one year</b>	19	(1,127,676)	(803,912)
<b>Provisions for liabilities</b>		<u>(81,391)</u>	<u>(196,570)</u>
<b>Net assets</b>		<u>3,596,253</u>	<u>3,097,762</u>
<b>Capital and reserves</b>			
Called up share capital	21	5,000	5,000
Share premium reserve		1,809	1,809
Capital redemption reserve		7,474	7,474
Profit and loss account		4,068,552	1,892,397
Equity attributable to owners of the company		4,082,835	1,906,680
Minority interests		<u>(486,582)</u>	<u>1,191,082</u>
Total equity		<u>3,596,253</u>	<u>3,097,762</u>

Approved and authorised by the Board on <sup>12/1/2017</sup>..... and signed on its behalf by:

K Tokumine  
Director

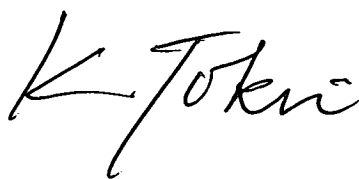


**Japan Centre Group Limited**  
**(Registration number: 01240558)**  
**Balance Sheet as at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	14	1,045,937	943,329
Investments	15	<u>571,973</u>	<u>381,134</u>
		<u>1,617,910</u>	<u>1,324,463</u>
<b>Current assets</b>			
Stocks	16	1,686,097	1,060,082
Debtors	17	3,476,848	1,331,882
Cash at bank and in hand		<u>2,112,346</u>	<u>710,412</u>
		7,275,291	3,102,376
<b>Creditors: Amounts falling due within one year</b>	19	<u>(3,690,178)</u>	<u>(2,532,992)</u>
<b>Net current assets</b>		<u>3,585,113</u>	<u>569,384</u>
<b>Total assets less current liabilities</b>		5,203,023	1,893,847
<b>Creditors: Amounts falling due after more than one year</b>	19	(1,127,676)	(415,924)
<b>Provisions for liabilities</b>		<u>(70,956)</u>	<u>(70,956)</u>
<b>Net assets</b>		<u>4,004,391</u>	<u>1,406,967</u>
<b>Capital and reserves</b>			
Called up share capital		5,000	5,000
Profit and loss account		<u>3,999,391</u>	<u>1,401,967</u>
<b>Total equity</b>		<u>4,004,391</u>	<u>1,406,967</u>

Approved and authorised by the Board on <sup>12/7/2017</sup>..... 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 2016**  
**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	1,892,400	1,906,683	1,191,081	3,097,764
Profit for the year	-	-	-	2,813,218	2,813,218	144,427	2,957,645
Total comprehensive income	-	-	-	2,813,218	2,813,218	144,427	2,957,645
Dividends	-	-	-	(637,064)	(637,064)	-	(637,064)
Decrease in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(1,822,090)	(1,822,090)
At 31 December 2016	5,000	1,809	7,474	4,068,554	4,082,837	(486,582)	3,596,255

The notes on pages 17 to 36 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 2016**  
**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 2015	5,000	1,809	7,474	1,094,332	1,108,615	465,481	1,574,096
Profit for the year	-	-	-	844,396	844,396	493,200	1,337,596
Total comprehensive income	-	-	-	844,396	844,396	493,200	1,337,596
Dividends	-	-	-	(46,331)	(46,331)	-	(46,331)
Decrease in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	(45,090)	(45,090)
Acquisition of subsidiaries, increase/(decrease) in equity	-	-	-	-	-	277,491	277,491
At 31 December 2015	5,000	1,809	7,474	1,892,397	1,906,680	1,191,082	3,097,762

The notes on pages 17 to 36 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 2016**

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	5,000	1,401,967	1,406,967
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	3,999,392	4,004,392
	Share capital £	Profit and loss account £	Total £
At 1 January 2015	5,000	705,450	710,450
Profit for the year	-	696,516	696,516
Total comprehensive income	-	696,516	696,516
At 31 December 2015	5,000	1,401,966	1,406,966

The notes on pages 17 to 36 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 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit for the year		2,957,645	1,337,596
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	673,611	522,865
Profit on disposal of tangible assets	5	-	(60,204)
Profit from disposals of investments	5	(282,061)	-
(Profit)/loss on disposal of fixed asset Investments		-	(315,032)
Finance income	7	(125)	(1,195)
Finance costs	8	380,583	97,957
Share of (loss)/profit of equity accounted investees		184,939	-
Income tax expense	12	224,901	265,264
(Profit)/loss on disposal of fixed asset Investments		<u>(3,486,722)</u>	<u>-</u>
		652,771	1,847,251
Working capital adjustments			
Increase in stocks	16	(637,859)	(307,091)
Decrease/(increase) in trade debtors	17	869,565	(2,330,627)
(Decrease)/increase in trade creditors	19	<u>(1,910,170)</u>	<u>2,476,979</u>
Cash generated from operations		(1,025,693)	1,686,512
Income taxes paid	12	<u>(317,891)</u>	<u>(133,682)</u>
Net cash flow from operating activities		<u>(1,343,584)</u>	<u>1,552,830</u>
<b>Cash flows from investing activities</b>			
Interest received		(222,810)	(152,474)
Acquisitions of tangible assets		(1,847,805)	(1,846,172)
Proceeds from sale of tangible assets		3,147,800	90,001
Acquisition of intangible assets	13	(402,893)	(123,562)
Proceeds from sale of intangible assets		605,423	-
Dividend income		222,935	153,669
Acquisition of investments in joint ventures and associates	15	(448,390)	-
Proceeds from disposal of investments in joint ventures and associates		184,939	-
(Profit)/loss on disposal of fixed asset Investments		<u>-</u>	<u>315,032</u>
Net cash flows from investing activities		<u>1,239,199</u>	<u>(1,563,506)</u>

The notes on pages 17 to 36 form an integral part of these financial statements.

## Japan Centre Group Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from financing activities</b>			
Interest paid	8	(166,349)	(97,957)
Proceeds from issue of ordinary shares, net of issue costs		3,303,822	-
Proceeds from bank borrowing draw downs		916,875	391,572
Repayment of bank borrowing		(455,782)	-
Repayment of other borrowing		-	114,905
Minority interest adjustments		(1,677,663)	232,401
Dividends paid		(637,064)	(46,331)
Effect of exchange rate fluctuations on cash held		(9,225)	4,925
Net cash flows from financing activities		<u>1,274,614</u>	<u>599,515</u>
Net increase in cash and cash equivalents		1,170,229	588,839
Cash and cash equivalents at 1 January		<u>1,348,192</u>	<u>759,353</u>
Cash and cash equivalents at 31 December		<u><u>2,518,421</u></u>	<u><u>1,348,192</u></u>

The notes on pages 17 to 36 form an integral part of these financial statements.

## Japan Centre Group Limited

### Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Profit for the year		3,097,425	696,516
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	236,078	218,652
Finance income		(222,935)	(153,669)
Finance costs		153,841	36,418
Income tax expense	12	-	33,082
		<u>3,264,409</u>	<u>830,999</u>
Working capital adjustments			
Increase in stocks	16	(626,016)	(197,842)
Increase in trade debtors	17	(2,144,967)	(461,530)
Increase in trade creditors	19	813,132	165,874
Cash generated from operations		1,306,558	337,501
Income taxes paid	12	(32,749)	-
Net cash flow from operating activities		<u>1,273,809</u>	<u>337,501</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries	15	(290,000)	(8,078)
Proceeds from sale of subsidiaries		99,161	33,639
Acquisitions of tangible assets		(338,684)	(371,190)
Dividend income		222,935	153,669
Effect of exchange rate fluctuations on cash held		-	5,007
Net cash flows from investing activities		<u>(306,588)</u>	<u>(186,953)</u>
<b>Cash flows from financing activities</b>			
Interest paid	8	(76,516)	(43,896)
Proceeds from bank borrowing draw downs		916,875	339,297
Repayment of bank borrowing		(33,226)	(32,273)
Repayment of other borrowing		127,581	-
Dividends paid		(500,000)	-
Net cash flows from financing activities		<u>434,714</u>	<u>263,128</u>
Net increase in cash and cash equivalents		1,401,935	413,676
Cash and cash equivalents at 1 January		<u>710,411</u>	<u>296,735</u>
Cash and cash equivalents at 31 December		<u><u>2,112,346</u></u>	<u><u>710,411</u></u>

The notes on pages 17 to 36 form an integral part of these financial statements.

# Japan Centre Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 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 18, Victoria Industrial Estate  
Victoria Road  
North Acton  
London  
W3 6UU

These financial statements were authorised for issue by the Board on 12 July 2017.

### 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 2016.

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 £3,097,425 (2015 - profit of £696,516).

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

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 income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 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.

#### Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

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

#### 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.

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 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.

#### 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.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. 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.

## **Japan Centre Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **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.

#### **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.

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 3 Revenue

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

	2016	2015
	£	£
Sale of goods, food and drinks and provision of services	24,881,723	21,580,631
Other revenue	83,225	-
	24,964,948	21,580,631

#### 4 Other operating income

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

	2016	2015
	£	£
Other operating income	3,207,745	315,032
Exceptional income	75,235	-
	3,282,980	315,032

#### 5 Other gains and losses

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

	2016	2015
	£	£
Gain (loss) on disposal of property, plant and equipment	-	60,204
Gain (loss) from disposals of investments	282,061	-
	282,061	60,204

#### 6 Operating profit

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation expense	600,715	491,227
Amortisation expense	72,896	31,638
Operating lease expense - other	2,136,795	1,601,998
Profit on disposal of property, plant and equipment	-	(60,204)
	-	(60,204)

#### 7 Other interest receivable and similar income

	2016	2015
	£	£
Dividend income	222,935	153,669
Other finance income	125	1,195
	223,060	154,864

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 8 Interest payable and similar expenses

	2016 £	2015 £
Interest on bank overdrafts and borrowings	21,738	28,955
Interest on obligations under finance leases and hire purchase contracts	74,734	63,820
Interest expense on other finance liabilities	69,877	5,182
Foreign exchange (gains) / losses	214,234	(7,394)
	380,583	90,563

#### 9 Staff costs

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

	2016 £	2015 £
Wages and salaries	9,072,415	8,075,107
Social security costs	750,887	640,929
Other short-term employee benefits	-	(5,065)
Pension costs, defined contribution scheme	99,438	88,589
Other employee expense	91,748	63,653
	10,014,488	8,863,214

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

	2016 No.	2015 No.
Administrative staff	37	32
Full time and part time sales staff	406	388
	443	420

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	504,980	273,027
Contributions paid to money purchase schemes	21,969	5,700
	526,949	278,727

#### 11 Auditors' remuneration

	2016 £	2015 £
Audit of these financial statements	62,187	44,130

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 12 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	237,563	182,208
UK corporation tax adjustment to prior periods	<u>(3,879)</u>	<u>8,671</u>
	233,684	190,879
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(8,783)</u>	<u>74,385</u>
Tax expense in the income statement	<u><u>224,901</u></u>	<u><u>265,264</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>3,182,546</u>	<u>1,602,860</u>
Corporation tax at standard rate	763,397	320,572
Increase from effect of different UK tax rates on some earnings	-	829
Effect of revenues exempt from taxation	-	(63,006)
Effect of expense not deductible in determining taxable profit (tax loss)	(636,023)	27,013
Increase in UK and foreign current tax from adjustment for prior periods	3,880	8,671
Tax increase/(decrease) from effect of capital allowances and depreciation	15,525	(77,692)
Tax increase from other short-term timing differences	81,391	74,385
Tax decrease arising from group relief	<u>(3,269)</u>	<u>(25,508)</u>
Total tax charge	<u><u>224,901</u></u>	<u><u>265,264</u></u>

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### Deferred tax

##### Group

Deferred tax assets and liabilities

	<b>Asset</b>
<b>2016</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<u>8,783</u>
	<b>Liability</b>
<b>2015</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	<u>196,570</u>

#### 13 Intangible assets

##### Group

	<b>Goodwill on consolidation</b>	<b>Trademarks, patents and licenses</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>			
At 1 January 2016	302,545	24,907	327,452
Additions acquired separately	402,893	-	402,893
Disposals	<u>(705,438)</u>	<u>(24,907)</u>	<u>(730,345)</u>
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amortisation</b>			
At 1 January 2016	50,643	1,383	52,026
Amortisation charge	79,537	2,352	81,889
Amortisation eliminated on disposals	<u>(130,180)</u>	<u>(3,735)</u>	<u>(133,915)</u>
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amount</b>			
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2015	<u>251,902</u>	<u>23,524</u>	<u>275,426</u>

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2015 - £Nil).

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 14 Tangible assets

##### Group

	Leasehold Property £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2016	2,485,080	1,887,185	208,270	4,580,535
Additions	1,059,736	693,355	94,714	1,847,805
Disposals	<u>(2,676,189)</u>	<u>(1,274,256)</u>	<u>(57,566)</u>	<u>(4,008,011)</u>
At 31 December 2016	<u>868,627</u>	<u>1,306,284</u>	<u>245,418</u>	<u>2,420,329</u>
<b>Depreciation</b>				
At 1 January 2016	414,061	809,004	84,338	1,307,403
Charge for the year	232,714	343,586	50,158	626,458
Eliminated on disposal	<u>(388,802)</u>	<u>(449,427)</u>	<u>(21,981)</u>	<u>(860,210)</u>
At 31 December 2016	<u>257,973</u>	<u>703,163</u>	<u>112,515</u>	<u>1,073,651</u>
<b>Carrying amount</b>				
At 31 December 2016	<u>610,654</u>	<u>603,121</u>	<u>132,903</u>	<u>1,346,678</u>
At 31 December 2015	<u>2,071,019</u>	<u>1,078,181</u>	<u>123,932</u>	<u>3,273,132</u>

Included within the net book value of land and buildings above is £610,654 (2015 - £2,071,020) 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:

	2016 £	2015 £
Furniture, fittings and equipment	120,226	318,938
Motor vehicles	51,483	106,900
	<u>171,709</u>	<u>425,838</u>

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### Company

	Leasehold Property £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2016	601,443	1,017,698	150,704	1,769,845
Additions	<u>142,650</u>	<u>101,320</u>	<u>94,714</u>	<u>338,684</u>
At 31 December 2016	<u>744,093</u>	<u>1,119,018</u>	<u>245,418</u>	<u>2,108,529</u>
<b>Depreciation</b>				
At 1 January 2016	204,177	548,120	74,219	826,516
Charge for the year	<u>65,625</u>	<u>132,155</u>	<u>38,296</u>	<u>236,076</u>
At 31 December 2016	<u>269,802</u>	<u>680,275</u>	<u>112,515</u>	<u>1,062,592</u>
<b>Carrying amount</b>				
At 31 December 2016	<u>474,291</u>	<u>438,743</u>	<u>132,903</u>	<u>1,045,937</u>
At 31 December 2015	<u>397,266</u>	<u>469,579</u>	<u>76,485</u>	<u>943,330</u>

Included within the net book value of land and buildings above is £474,291 (2015 - £397,266) 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:

	2016 £	2015 £
Furniture, fittings and equipment	120,226	160,301
Motor vehicles	<u>51,483</u>	<u>68,645</u>
	<u>171,709</u>	<u>228,946</u>

## 15 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:

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2016	2015
<b>Associates</b>				
Sakagura UK Limited		Ordinary shares	29%	0%
Shoryu Holdings Limited (Group)			25.21%	40.98%

#### Associate undertakings

The principal activity of Sakagura UK Limited is operate as a restaurant .

#### Company

	2016 £	2015 £
Investments in subsidiaries	<u>571,973</u>	<u>381,134</u>
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 1 January 2016		381,134
Additions		290,000
Disposals		<u>(99,161)</u>
At 31 December 2016		<u>571,973</u>
<b>Provision</b>		
<b>Carrying amount</b>		
At 31 December 2016		<u>571,973</u>
At 31 December 2015		<u>381,134</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	
			2016	2015
<b>Subsidiary undertakings</b>				
Centre Appointments Ltd	People England and Wales	Ordinary shares	76.83%	76.83%

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
Rosinter-Umai Limited	UK England and Wales	Ordinary shares	0%	50%
Rosinter-Umai Limited	CK England and Wales	Ordinary shares	50%	50%
Umai Limited	England and Wales	Ordinary shares	100%	100%
Shoryu Holdings Limited (Group)	England and Wales	England and Wales	25.21%	40.98%
Japan Centre (On-Line) Limited	England nad Wales	Ordinary shares	100%	100%
Centre Creative Limited	England and Wales	Ordinary shares	93%	93%
Ichiryu Udon Limited	England and Wales	Ordinary shares	2%	100%
Japan Centre S.A.R.L	Paris France	Ordinary shares	100%	100%
Sakagura Co Limited	England and Wales	Ordinary shares	100%	100%
Sakegura Co Limited	England and Wales	Ordinary Shares	100%	100%
Japan Centre Bakery Limited	England and Wales	Ordinary shares	93%	0%
<b>Associates</b>				
Sakagura UK Limited	England and Wales	Ordinary shares	29%	0%

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

The principal activity of Centre People Appointments Ltd is staff recruitment agency  
 The principal activity of Rosinter-Umai UK Limited is Japanese food takeaway and retail outlets  
 The principal activity of Rosinter-Umai CK Limited is dormant company  
 The principal activity of Umai Limited is dormant company  
 The principal activity of Shoryu Holdings Limited (Group) is operation of restaurants  
 The principal activity of Japan Centre (On-Line) Limited is online sales  
 The principal activity of Centre Creative Limited is web design  
 The principal activity of Ichiryu Udon Limited is operate as a restaurant  
 The principal activity of Japan Centre Paris S.A.R.L is operate as a restaurant  
 The principal activity of Sakagura Co Limited is dormant company  
 The principal activity of Sakegura Co Limited is dormant company  
 The principal activity of Japan Centre Bakery Limited is the supply of food, cakes and other bakery products  
 The principal activity of Sakagura UK Limited is operate as a restaurant

#### 16 Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Finished goods	1,804,038	1,219,032	1,686,097	1,060,082
Other inventories	52,853	-	-	-
	<u>1,856,891</u>	<u>1,219,032</u>	<u>1,686,097</u>	<u>1,060,082</u>

#### 17 Debtors

	Note	Group		Company	
		2016 £	2015 £	2016 £	2015 £
Trade debtors		264,020	261,657	102,023	82,549
Amounts owed by related parties	24	2,440,394	2,363,385	2,345,796	-
Other debtors		781,912	1,514,108	668,347	958,817
Prepayments		421,868	638,610	360,682	290,516
Corporation tax recoverable	12	6,081	-	-	-
Total current trade and other debtors		<u>3,914,275</u>	<u>4,777,760</u>	<u>3,476,848</u>	<u>1,331,882</u>

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 18 Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash on hand	6,859	9,909	6,742	7,021
Cash at bank	<u>2,511,562</u>	<u>1,421,292</u>	<u>2,105,604</u>	<u>703,391</u>
	2,518,421	1,431,201	2,112,346	710,412
Bank overdrafts	<u>-</u>	<u>(83,009)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u><u>2,518,421</u></u>	<u><u>1,348,192</u></u>	<u><u>2,112,346</u></u>	<u><u>710,412</u></u>

#### 19 Creditors

	Note	Group		Company	
		2016 £	2015 £	2016 £	2015 £
<b>Due within one year</b>					
Loans and borrowings	22	767,681	563,295	767,681	390,878
Trade creditors		2,342,044	1,589,659	2,223,449	1,136,713
Amounts due to related parties	24	1,023,150	2,409,562	268,802	271,629
Social security and other taxes		338,567	635,379	117,590	73,594
Outstanding defined contribution pension costs		26,893	26,656	25,583	12,985
Other payables		77,355	646,741	26,922	290,249
Accrued expenses		414,624	824,807	260,151	324,195
Income tax liability	12	<u>104,082</u>	<u>182,208</u>	<u>-</u>	<u>32,749</u>
		<u><u>5,094,396</u></u>	<u><u>6,878,307</u></u>	<u><u>3,690,178</u></u>	<u><u>2,532,992</u></u>
<b>Due after one year</b>					
Loans and borrowings	22	<u><u>1,127,676</u></u>	<u><u>803,912</u></u>	<u><u>1,127,676</u></u>	<u><u>415,924</u></u>

#### 20 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 £99,438 (2015 - £88,589).

Contributions totalling £26,892 (2015 - £26,656) were payable to the scheme at the end of the year and are included in creditors.

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 21 Share capital

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

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

#### 22 Loans and borrowings

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
<b>Non-current loans and borrowings</b>				
Bank borrowings	783,375	623,967	783,375	337,500
Finance lease liabilities	118,610	179,945	118,610	78,424
Other borrowings	<u>225,691</u>	<u>-</u>	<u>225,691</u>	<u>-</u>
	<u>1,127,676</u>	<u>803,912</u>	<u>1,127,676</u>	<u>415,924</u>

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
<b>Current loans and borrowings</b>				
Bank borrowings	572,416	367,460	572,416	303,927
Bank overdrafts	-	83,009	-	-
Finance lease liabilities	115,578	137,007	115,578	72,132
Other borrowings	<u>79,687</u>	<u>(24,181)</u>	<u>79,687</u>	<u>14,819</u>
	<u>767,681</u>	<u>563,295</u>	<u>767,681</u>	<u>390,878</u>

#### 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 £330,000 (2015 - £405,000).

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 £685,121 (2015 - £Nil).

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.

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 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 £330,000 (2015 - £405,000).

The company 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.

#### 23 Obligations under leases and hire purchase contracts

##### Group

##### Finance leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	133,799	137,008
Later than one year and not later than five years	144,338	179,945
	<u>278,137</u>	<u>316,953</u>

##### Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	357,692	46,765
Later than one year and not later than five years	1,773,262	1,019,709
Later than five years	4,616,722	12,196,511
	<u>6,747,676</u>	<u>13,262,985</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £620,179 (2015 - £1,601,998).

#### Company

##### Finance leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	133,799	72,132
Later than one year and not later than five years	144,338	78,424
	<u>278,137</u>	<u>150,556</u>

## Japan Centre Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### Operating leases

The total of future minimum lease payments is as follows:

	2016	2015
	£	£
Not later than one year	357,692	29,370
Later than one year and not later than five years	1,506,294	785,744
Later than five years	4,455,429	5,745,236
	6,319,415	6,560,350

The amount of non-cancellable operating lease payments recognised as an expense during the year was £530,111 (2015 - £435,915).

#### 24 Related party transactions

##### Group

##### Key management compensation

	2016	2015
	£	£
Salaries and other short term employee benefits	550,997	278,728

##### Income and receivables from related parties

##### 2016

		Associates
		£
Sale of goods		2,716,141
Amounts receivable from related party		3,166,423

##### 2015

##### Expenditure with and payables to related parties

##### 2016

		Associates
		£
Amounts payable to related party		1,749,179

##### 2015

##### Loans from related parties

##### 2016

		Key management
		£
Advanced		(7,782)

**Japan Centre Group Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2016**

**Company**

**Key management compensation**

	2016	2015
	£	£
Salaries and other short term employee benefits	<u>231,058</u>	<u>158,498</u>

**Summary of transactions with subsidiaries**

During the year the company received dividends of £222,935 (2015 - £153,669) from subsidiaries.

**Income and receivables from related parties**

	Subsidiary	Associates
	£	£
<b>2016</b>		
Sale of goods	<u>831,369</u>	<u>3,129,146</u>
Amounts receivable from related party	<u>707,457</u>	<u>1,638,339</u>
<b>2015</b>		Subsidiary
		£
Sale of goods		1,996,098
Management charge receivable		<u>358,629</u>
		<u>2,354,727</u>

**Expenditure with and payables to related parties**

	Subsidiary	Associates
	£	£
<b>2016</b>		
Purchase of goods	<u>123,498</u>	-
Amounts payable to related party	<u>46,210</u>	<u>222,592</u>
<b>2015</b>		Subsidiary
		£
Purchase of goods		<u>19,366</u>

**Loans to related parties**

	Key management
	£
<b>2016</b>	
Advanced	<u>23,294</u>

**Loans from related parties**

	Subsidiary
	£
<b>2016</b>	
At start of period	<u>264,453</u>
<b>2015</b>	Subsidiary
	£
At start of period	258,476
Advanced	<u>5,977</u>
At end of period	<u>264,453</u>

**Japan Centre Group Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2016**

**25 Parent and ultimate parent undertaking**

The ultimate controlling party is Mr K Tokumine.