

Casio Electronics Co. Limited

Annual report and financial statements

Registered number 01203633

31 March 2016

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Strategic report

Principal activity

The principal activity of the Casio Electronics Co. Limited ("the Company") continues to be the import, sale and distribution of products from its parent company.

Business Review

The directors report a decrease in turnover of 2.9% to £50.2 million and a increase in profit before tax of 11.6% to £1.9 million at the end of the fiscal year. The overall performance of the Company is pleasing given the background of the challenging conditions of the current UK economy, both for the high street retailers and for companies considering capital projects. The increase in Margin is also due to decreased overheads; overheads now are 8.9% less than last year.

The Company closely monitored and managed all areas of expenditure and risk – in particular inventory, accounts receivable and overheads. The directors are pleased to report good performance in all of these areas and, as a result, can confirm a continued decrease in intercompany payables and increase in cash.

Key Performance Indicators (KPI)

The Company's main financial key performance indicators continue to be turnover and operating profit. As can be seen from the above commentary, the results against these KPI's were positive for both in light of the economic climate. In addition to this, the controls put in place by the directors ensured that inventory levels remained in line with current trading requirements and average debtor days have remained within management's acceptable range. The combination of all of these factors meant that the Company maintained a positive cash flow throughout the year.

Another important KPI for the Company is environmental responsibility. The directors are pleased to report that the Company complies with all the relevant sections of the Casio group's Environmental Report – full details of which can be obtained from the parent company's website at www.casio.com.

Risks

The main areas of risk for the Company continue to be maintaining an appropriate level of inventory and that of credit. As mentioned above the management controls already in place to control inventory levels are robust and continued to work well in the difficult economic climate experienced during the year. It is important that these are maintained to ensure no losses are incurred through slow moving inventory whilst, at the same time, allowing growth in those areas of the business that are doing well. With regard to credit the directors report no significant losses or write-downs during the year, however, this remains an area that will continue to be monitored at the highest level.

Compliance with European Directives

The Company has continued to work closely with all relevant authorities to ensure full compliance with current and future EU Directives. Of particular importance to the Company are the Directives on Waste Electrical and Electronic Equipment (WEEE), Restriction on Hazardous Substance (RoHS) and the Battery Directive and the directors are satisfied that all appropriate steps have been taken to ensure full compliance. In addition the Company continues to comply with the very strict requirements placed on it by HM Revenue & Customs to maintain its Authorised Economic Operator (AEO) status achieved in May 2009.

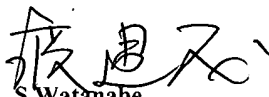
Strategic report *(continued)*

Future Plans and Prospects

The future prospects of any company in the consumer electronics business are inextricably linked to the constant supply of new and innovative products and in 2016/17 we will continue to see new products. In watches G-Shock is expected to continue to be a key performer. In the calculator market we are the dominant performer with our scientific range while in 2016 we hope to continue to show the benefits and values of graphical calculators. On the “business to business” side, the Company will concentrate efforts on to expand cloud services, Casio Business Portal and Android-based Cash register.

The directors are confident that the combination of new products and continued control over costs and key risk areas will mean that the Company will aim to grow and trade profitably in 2016/17.

By order of the board


S Watanabe
Director

10 Norwich Street
London
EC4A 1BD

18 July 2016

Directors' report

The directors present their directors' report and financial statements for the year ended 31st March 2016.

Dividends

No dividends were paid during the year (2015: £nil).

Political contributions

The Company made no political contributions during the year (2015: £nil).

Directors

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

A Ota
K Yamashita
H Kubo

Mr Hiroaki Kubo retired as a director on 1st April 2016 and moved to Japan, Mr Shigeru Watanabe was appointed director on 1st April 2016

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


S Watanabe
Director

10 Norwich Street
London
EC4A 1BD

18 July 2016

Registered number: 01203633

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

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

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 then apply them consistently;
- make judgements and 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CASIO ELECTRONICS CO. LIMITED

We have audited the financial statements of Casio Electronics Co. Limited for the year ended 31 March 2016 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Directors' Responsibilities Statement 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports that report; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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



Simon Baxter (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19 July 2016

Statement of Income and Comprehensive Income

for the year ended 31 March 2016

	<i>Note</i>	2016 £	2015 £
Turnover	2	50,248,309	51,739,354
Cost of sales		(32,464,892)	(32,615,866)
Gross profit		17,783,417	19,123,488
Other operating expenses	3	(15,864,437)	(17,409,011)
Operating profit		1,918,980	1,714,477
Interest receivable and similar income	4	15,233	18,048
Interest payable and similar charges	5	(474)	-
Profit on ordinary activities before taxation	6	1,933,739	1,732,525
Tax on profit on ordinary activities	9	(281,278)	(395,175)
Profit and Comprehensive Income for the financial year		1,652,461	1,337,350


There are no recognised gains or losses other than the profit attributable to the shareholders of the Company.

All profits and losses were derived from continuing operations.

Balance sheet
at 31 March 2016

	<i>Note</i>	2016 £	2015 £
Fixed assets			
Tangible assets	10	600,233	731,826
Current assets			
Inventory	11	5,585,114	4,556,174
Debtors	12	9,942,122	9,437,248
Cash at bank and in hand		5,410,925	4,036,998
		<hr/>	<hr/>
		20,938,161	18,030,420
Creditors: amounts falling due within one year	13	(7,142,646)	(5,931,578)
		<hr/>	<hr/>
Net current assets		13,795,515	12,098,842
		<hr/>	<hr/>
Total assets less current liabilities		14,395,748	12,830,668
Creditors: amounts falling due after one year	14	(144,493)	(231,874)
Provisions for liabilities		-	-
		<hr/>	<hr/>
Net assets		14,251,255	12,598,794
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	6,600,000	6,600,000
Profit and loss account		7,651,255	5,998,794
		<hr/>	<hr/>
Shareholders' funds		14,251,255	12,598,794
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 18 July 2016 and were signed on its behalf by:


S Watanabe
Director

Registered number: 01203633

Statement of Changes in Equity

	Called Up Share Capital	Profit and Loss Account	Total Equity
Balance at 1 April 2014	6,600,000	4,661,444	11,261,444
Comprehensive Income for the period	—	1,337,350	—
Balance at 31 March 2015	6,600,000	5,998,794	12,598,794

	Called Up Share Capital	Profit and Loss Account	Total Equity
Balance at 1 April 2015	6,600,000	5,998,794	12,598,794
Comprehensive Income for the period	—	1,652,461	—
Balance at 31 March 2016	6,600,000	7,651,255	14,251,255

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Casio Computer Co., Ltd. Japan includes the Company in its consolidated financial statements. The consolidated financial statements of Casio Computer Co., Ltd. Japan are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from <http://world.casio.com/ir/financial/>. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period (as no change);
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Casio Computer Co. Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	over the unexpired portion of the lease
Computer equipment	-	25-33% per annum
Furniture and equipment	-	20% per annum

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on purchase cost on a first-in, first-out basis, including transport, freight, duty and insurance. Goods in transit are valued at the lower of actual cost, (which is exclusive of inland freight and duty), and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Taxation

The charge/(credit) for taxation is based on the profit/(loss) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 102.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included in either accruals or prepayments in the balance sheet.

Warranty claims

Provision is made for estimated future costs under warranty agreements; any movements are charged to the profit and loss account.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised on despatch of the goods. Deferred income represents amounts receivable for goods not yet despatched or services not yet provided to customers.

2 Analysis of turnover

The Company's sole continuing activity is the import, sale and distribution of products from its parent undertaking.

Turnover by geographical area comprises:

	2016 £	2015 £
United Kingdom	48,652,085	49,993,138
Eire	1,384,591	1,206,879
Rest of the World	211,633	539,337
	<hr/>	<hr/>
	50,248,309	51,739,354
	<hr/>	<hr/>

Notes (continued)

3 Other operating expenses

	2016 £	2015 £
Selling and marketing costs	13,543,106	14,848,041
Administrative expenses	2,321,331	2,560,970
	<u>15,864,437</u>	<u>17,409,011</u>

4 Interest receivable and similar income

	2016 £	2015 £
Bank interest receivable and similar income	15,233	18,048
	<u>15,233</u>	<u>18,048</u>

5 Interest payable and similar charges

	2016 £	2015 £
Amounts payable to HMRC	474	-
	<u>474</u>	<u>-</u>

6 Profit on ordinary activities before taxation

	2016 £	2015 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	197,923	210,253
Operating lease rentals:		
- Land and buildings	633,016	656,271
- Other	254,159	305,605
	<u>1,085,098</u>	<u>1,172,129</u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	60,000	57,900
Other services relating to taxation	4,870	9,700
	<u>64,870</u>	<u>67,600</u>

Notes (continued)

7 Directors remuneration

	2016 £	2015 £
Directors' emoluments	199,856	187,306

Highest-paid director:

The highest-paid director received emoluments amounting to £199,856 (2015: £187,306).

Pensions:

No director was a member of a money purchase pension scheme (2015: none).

Other directors:

The remaining two directors were not remunerated by the company as their time engaged in the UK is not significant.

8 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Sales and marketing	65	71
Finance, administration, operation and service	63	65
	128	136

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	5,384,065	5,483,886
Social security costs	543,897	577,854
Other pension costs	542,811	545,628
	6,470,773	6,607,368

Notes (continued)

9 Taxation

Analysis of charge in period:

	2016 £	2015 £
<i>UK corporation tax</i>		
Current tax on profit for the period	424,175	381,690
Adjustments in respect of prior periods	(142,897)	13,485
	<hr/>	<hr/>
Total current tax charge	281,278	395,175
Deferred taxation	-	-
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	281,278	395,175
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2015: higher) than the standard rate of corporation tax in the UK 20% (2015: 21%). The differences are explained below:

Current tax reconciliation

	£	£
Profit on ordinary activities before tax	1,933,739	1,732,525
	<hr/>	<hr/>
Current tax at 20% (2015: 21%)	386,748	363,830
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9,817	43,921
Difference between depreciation and capital allowances	26,216	(28,161)
Timing differences on vehicle leases	1,394	2,100
Adjustments to tax charge in respect of prior periods	(142,897)	13,485
	<hr/>	<hr/>
Total current tax charge (see above)	281,278	395,175
	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Furniture and equipment £	Total £
<i>Cost</i>				
At beginning of year	278,521	1,057,209	535,270	1,871,000
Additions	0	43,209	23,122	66,331
Disposals	0	0	0	0
At end of year	278,521	1,100,418	558,392	1,937,331
<i>Depreciation</i>				
At beginning of year	23,210	962,641	153,324	1,139,174
Charge for year	39,789	54,303	103,831	197,923
Disposals	0	0	0	0
At end of year	62,999	1,016,944	257,155	1,337,098
<i>Net book value</i>				
At 31 March 2016	215,522	83,474	301,237	600,233
At 31 March 2015	255,311	94,568	381,946	731,826

11 Inventory

	2016 £	2015 £
Goods in transit	1,327,990	663,098
Finished goods	4,201,335	3,817,165
Spare parts	55,789	75,911
	5,585,114	4,556,174

Notes (continued)

12 Debtors

	2016 £	2015 £
<i>Amounts due within one year:</i>		
Trade debtors	9,179,196	8,578,739
Amounts owed by group undertakings	133,789	199,697
Prepayments and accrued income	576,137	605,812
	<u>9,889,122</u>	<u>9,384,248</u>
	<u><u>9,889,122</u></u>	<u><u>9,384,248</u></u>
<i>Amounts due after one year:</i>		
Deferred taxation (see below)	53,000	53,000
	<u>53,000</u>	<u>53,000</u>
The amounts of deferred taxation assets comprise:	£	£
Capital allowances	29,000	29,000
Other timing differences	24,000	24,000
	<u>53,000</u>	<u>53,000</u>
	<u><u>53,000</u></u>	<u><u>53,000</u></u>
The movement in the year comprises:	£	£
Brought forward at beginning of year	53,000	53,000
Charged to profit and loss account	-	-
	<u>-</u>	<u>-</u>
Carried forward at end of year	53,000	53,000
	<u><u>53,000</u></u>	<u><u>53,000</u></u>

Further reduction to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2016 has been calculated based on the rate of 20%.

Notes (continued)

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	760,536	634,143
Amounts owed to group undertakings	2,671,568	1,156,385
Taxation and social security	1,079,408	1,122,880
Accruals and Deferred Income	2,525,872	2,865,824
Warranty claims	105,202	152,346
	<hr/>	<hr/>
	7,142,646	5,931,578
	<hr/>	<hr/>

14 Creditors: amounts falling due after one year

	2016 £	2015 £
Deferred income	144,493	231,874
	<hr/>	<hr/>

15 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
6,600,000 ordinary shares of £1 each	6,600,000	6,600,000
	<hr/>	<hr/>

Notes (continued)

16 Commitments

Capital commitments

There were no capital commitments at 31 March 2016 (2015: none).

Lease commitments

At the end of the year the Company had annual commitments under non-cancellable operating leases as follows:

	2016		2015	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
-within one year	586,440	167,290	586,440	191,762
-in the second to fifth years inclusive	1,345,758	188,523	1,345,758	185,999
-over five years	1,570,164	-	1,906,603	-
	<u>3,502,362</u>	<u>355,813</u>	<u>3,838,801</u>	<u>377,761</u>

17 Pensions

The Company operates a defined contribution pension scheme with Friends Life U.K. Ltd. Employees with at least three months service and over 18 years of age are entitled to join the scheme. The Company makes full contribution to the scheme, no contribution being required by the employees. The Company also funds a separate life assurance policy for all employees. The cost of these schemes for the year to the Company was £542,811 (2015: £545,628).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes *(continued)*

18 Related party transactions

Casio Electronics Co. Limited, being a wholly owned subsidiary undertaking, has taken advantage of the exemptions available to it under Financial Reporting Standard 102, with respect to the disclosure of related party transactions.

19 Ultimate parent and controlling party

The Company is a subsidiary undertaking of Casio Computer Co. Limited which is the ultimate parent and controlling party incorporated in Japan.

The largest group in which the results of Casio Electronics Co. Limited are consolidated is that headed by Casio Computer Co. Limited, incorporated in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 6-2 Hon-Machi, 1-Chome, Shibuya-ku, Tokyo 151 8543, Japan.