

Furuno (UK) Limited
and Subsidiary Company
Annual report and financial statements
Year ended 31 December 2015

Registered number: 01400252



Furuno (UK) Limited

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Furuno (UK) Limited

Summary information

Directors

M Koike
Y Furuno
S Ametani
J Williams
C W Oliver

Secretary

C W Oliver

Registered office

West Building
Penner Road
Havant
Hampshire
PO9 1QY

Bankers

Clydesdale Bank plc
Riverside Branch
19 North Esplanade West
Aberdeen
AB11 5RJ

Barclays Bank PLC
Solent & Dorset Business Centre
P.O. Box 612
Ocean Way
Ocean Village
Southampton
SO14 2ZP

Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

STRATEGIC REPORT

The directors present their Strategic report and the affairs of the Group for the year ended 31 December 2015.

STRATEGIC REVIEW

The principal activity of the Group continues to be the marketing, installation, leasing and servicing of marine electronic equipment in the United Kingdom. There have not been any significant changes in the Group's principal activities in the year under review. The directors are not aware, at the date of this report of any likely changes in the group's activities in the forthcoming year.

The directors are pleased to be able to report a consolidated profit before tax of £2,006,149 (2014: £2,131,875) which they consider to be encouraging in the current economic conditions. Further details of the Group's performance are given in the consolidated profit and loss account on page 9 and the related notes from pages 15 to 39. The position of the group at the year-end is set out in the consolidated statement of financial position on page 10 and in the related notes on pages 15 to 39. The position of the Company at the year-end is set out in the statement of financial position on page 11 and in the related notes on pages 15 to 39.

The Group's key measurements of the effectiveness of its operations are gross profit margin and the operating margin. The group achieved a gross margin of 31.5% (2014: 32.6%) and an operating margin of 17.5% (2014: 18.3%). The movement in margins is primarily due to decreased equipment sales and increased service costs.

The directors were encouraged by the level of business gained in 2015 from all sectors of the marine electronics market in the United Kingdom and Ireland considering the prevailing conditions in the marketplace. The directors expect continuation of good performance in 2016 with the introduction of several innovative new products in the leisure, merchant marine and fisheries markets.

There were no significant events since the balance sheet date.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in a highly competitive market which is a continuing risk to the company. The Group manages this risk by providing value added services to its customers and delivering high quality products to its customers.

The Company sources products from Europe and Japan and is therefore exposed to movements in the Euro to Pound and Yen to Pound exchange rate. Risk of fluctuations is minimised by strategic currency purchases.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group uses foreign exchange forward contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments.

The Group's credit risk is primarily attributable to its trade and operating lease receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

STRATEGIC REPORT

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group does not hold any long or short-term debt finance and manages its liquidity risk by frequent review of cash flow forecasts and use of different terms money market deposit accounts.

Price risk

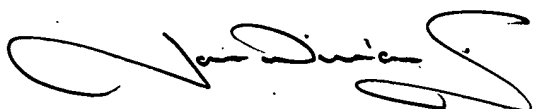
The Company is exposed to commodity price risk. The Company does not manage its exposure to commodity price risk due to cost benefit considerations.

FUTURE PROSPECTS

The Group has considerable financial resources and together with group prospects for the financial year 2016, which include long term contracts in its leasing operations with a number of customers across the marine sector operations, the directors believe that the company is well prepared for further growth:

- The leasing operation has currently over 952 live contracts (2014: 893) running at a standard contract period of 5 years and has obtained new equipment within 2015 to satisfy additional contract requirements. The directors are therefore confident that rental and maintenance income can be sustained in the future.
- New products will be again introduced across our market sectors during 2016. The merchant marine sector will see the introduction of further products to complement the current product range. These, together with our two successful ECDIS models will ensure our continuing success as the world's shipping fleets move closer to mandatory fitting of ECDIS systems, which must be completed by July 2018. We are also introducing a new range of chart radar systems which make use of Furuno's latest technological developments, which brings operational functionality to new levels.
- The fishing sector will benefit from the introduction of new fish finders and scanning sonar products, together with new radar models. We expect to continue to be the market leaders in this sector.
- The leisure sector, which remains challenging, will continue to benefit the company in the upper end of this sector. Further products will be introduced to increase our market share in the volume leisure sector.
- We expect to see good performance in both the merchant marine and the fishing sectors and continued growth in the leisure sector as confidence returns to this consumer market.
- We also expect to see growth in our special projects sector, delivering coastal monitoring radar and charting systems. We are also developing bespoke monitoring systems for the cruise industry.

Approved by the Board of Directors and signed on behalf of the Board



J. Williams

Director

West Building, Penner Road, Havant, Hampshire, PO9 1QY
7th March 2016

Furuno (UK) Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2015.

Details of significant events since the balance sheet date are contained in note 27 to the financial statements. An indication of likely future developments in the business of the company and details of development activities are included in the strategic report.

First time adoption of IFRS

The directors have elected to adopt IFRS for the first time for the year-ending 31 December 2015. As such, the directors present comparative information for the date of transition being 1 January 2014.

Information about the use of financial instruments by the company and its subsidiary is given in note 24 to the financial statements.

Dividends

The directors recommend a total dividend of 250p per ordinary share to be paid on 1ST April 2016 to ordinary shareholders on the register on that date for the year (2014: 250 p).

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Directors

The present membership of the board is set out on page 1. All of the directors served throughout the year and to the date of signing this report.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

There were no political donations made in either financial year.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings.

Furuno (UK) Limited

Directors' report

Auditor

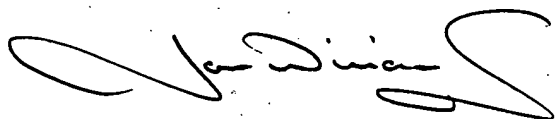
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



J. Williams

Director
West Building, Penner Road, Havant, Hampshire, PO9 1QY
7th March 2016

Furuno (UK) Limited

Directors' responsibilities

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

Company law requires the directors to prepare such financial statements for each financial period. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

Independent auditor's report to the members of Furuno (UK) Limited

We have audited the financial statements of Furuno (UK) Limited for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash flow statement, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, 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

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 Group's and the parent 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

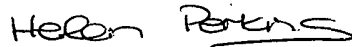
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Furuno (UK) 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, 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.



Helen Perkins, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
7th March 2016

Furuno (UK) Limited
Consolidated income statement
For the year ended 31 December 2015

	Note	Year ended 2015 £	Year ended 2014 £
Revenue	4	11,491,393	11,593,875
Cost of sales		(7,873,444)	(7,819,464)
Gross profit		3,617,949	3,774,411
Distribution costs		(549,293)	(647,880)
Administrative expenses		(1,070,579)	(1,005,589)
Operating profit		1,998,077	2,120,942
Investment revenues	8	16,160	17,149
Finance costs	9	(8,088)	(6,216)
Profit before tax		2,006,149	2,131,875
Tax	10	(409,413)	(454,021)
Profit for the year	5	1,596,736	1,677,854

All results are derived from continuing operations.

All gains and losses have been recognised in the income statement for both the current year and the prior year and as such represent Total Comprehensive Income of the Group.

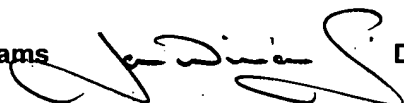
In both the current year and the prior year, the only movement in shareholders' funds has been the profit retained in the year.

Furuno (UK) Limited
Consolidated Statement of financial position
As at 31 December 2015

	Note	2015 £	2014 £	2013 £
Non-current assets				
Property, plant and equipment	12	5,219,477	5,449,250	5,668,200
Current assets				
Inventories	14	1,736,869	2,207,639	2,446,816
Trade and other receivables	15	4,517,786	2,868,635	2,626,571
Cash and cash equivalents	21	4,798,298	4,563,486	3,121,301
		11,052,953	9,639,760	8,194,688
Total assets		16,272,430	15,089,010	13,862,888
Current liabilities				
Trade and other payables	17	(719,783)	(686,269)	(646,511)
Current tax liabilities	17	(232,668)	(236,564)	(170,180)
Provisions	18	(478,500)	(462,000)	(373,000)
Accruals and deferred revenue	17	(377,046)	(346,888)	(351,117)
		(1,807,997)	(1,731,721)	(1,540,808)
Net current assets		9,244,956	7,908,039	6,653,880
Non-current liabilities				
Accruals and deferred revenue	17	(24,469)	(35,906)	(206,460)
Deferred tax liabilities	16	(13,726)	8,119	36,028
		(38,195)	(27,787)	(170,432)
Net assets		14,426,238	13,329,502	12,151,648
Equity				
Share capital	19	200,000	200,000	200,000
Retained earnings	20	14,226,238	13,129,502	11,951,648
Total equity		14,426,238	13,329,502	12,151,648

The financial statements were approved by the board of directors and authorised for issue on 7th March 2016. They were signed on its behalf by:

J. Williams



Director

C.W. Oliver

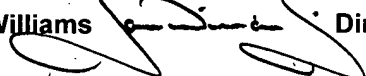



Director

Furuno (UK) Limited
Company Statement of financial position
As at 31 December 2015

	Note	2015 £	2014 £	2013 £
Non-current assets				
Property, plant and equipment	12	2,260,057	2,282,818	2,708,702
Investments in subsidiaries	13	100,000	100,000	100,000
		<u>2,360,057</u>	<u>2,382,818</u>	<u>2,808,702</u>
Current assets				
Inventories	14	1,736,869	2,207,639	2,446,816
Trade and other receivables	15	4,430,509	2,779,247	2,563,603
Cash and cash equivalents	20	4,798,296	4,563,484	3,121,299
		<u>10,965,674</u>	<u>9,550,370</u>	<u>8,131,718</u>
Total assets		<u>13,325,731</u>	<u>11,933,188</u>	<u>10,940,420</u>
Current liabilities				
Trade and other payables	17	(6,176,487)	(5,426,940)	(5,424,150)
Current tax liabilities	10	(201,879)	(247,795)	(166,367)
Provisions	18	(478,500)	(462,000)	(373,000)
Accruals and deferred revenue	17	(190,408)	(166,992)	(180,091)
		<u>(7,047,274)</u>	<u>(6,303,727)</u>	<u>(6,143,608)</u>
Net current assets		<u>3,918,400</u>	<u>3,246,643</u>	<u>1,988,110</u>
Non-current liabilities				
Deferred tax liability	16	5,476	10,777	2,896
		<u>5,476</u>	<u>10,777</u>	<u>2,896</u>
Net assets		<u>6,283,933</u>	<u>5,640,238</u>	<u>4,799,708</u>
Equity				
Share capital	19	200,000	200,000	200,000
Retained earnings	20	6,083,933	5,440,238	4,599,708
Total equity		<u>6,283,933</u>	<u>5,640,238</u>	<u>4,799,708</u>

The financial statements of Furuno (UK) Limited (registered number 01400252) were approved by the board of directors and authorised for issue on 7th March 2016. They were signed on its behalf by:

J. Williams  Director

C.W. Oliver  Director

Furuno (UK) Limited
Consolidated Statement of changes in equity
As at 31 December 2015

Equity attributable to equity holders of the Group

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2014	200,000	11,951,648	12,151,648
Profit for the period	-	1,677,854	1,677,854
Dividends	-	(500,000)	(500,000)
Balance at 31 December 2014	200,000	13,129,502	13,329,502
Profit for the period	-	1,596,736	1,596,736
Dividends	-	(500,000)	(500,000)
Balance at 31 December 2015	200,000	14,226,238	14,426,238

Furuno (UK) Limited
Company Statement of changes in equity
As at 31 December 2015

Equity attributable to equity holders of the Company

	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2014	200,000	4,599,708	4,799,708
Profit for the period	-	1,340,530	1,340,530
Dividends	-	(500,000)	(500,000)
Balance at 31 December 2014	200,000	5,440,238	5,640,238
Profit for the period	-	1,143,695	1,143,695
Dividends	-	(500,000)	(500,000)
Balance at 31 December 2015	200,000	6,083,933	6,283,933

Furuno (UK) Limited
Consolidated cash flow statement
For the year ended 31 December 2015

	Note	Year ended 2015 £	Year ended 2014 £
Net cash from operating activities	21	<u>1,581,694</u>	<u>2,933,149</u>
Investing activities			
Interest received		16,160	17,149
Interest paid		(8,088)	(6,216)
Proceeds on disposal of property, plant and equipment		242,713	565,417
Purchases of property, plant and equipment		<u>(1,199,190)</u>	<u>(1,430,128)</u>
Net cash used in investing activities		<u>(948,405)</u>	<u>(853,778)</u>
Financing activities			
Dividends paid		<u>(500,000)</u>	<u>(500,000)</u>
Net cash used in financing activities		<u>(500,000)</u>	<u>(500,000)</u>
Net increase in cash and cash equivalents		133,289	1,579,371
Cash and cash equivalents at beginning of year		4,563,486	3,121,301
Effect of foreign exchange rate changes		101,523	(137,186)
Cash and cash equivalents at end of year		<u><u>4,798,298</u></u>	<u><u>4,563,486</u></u>

Notes to the financial statements

For the year ended 31 December 2015

1. General information

Furuno (UK) Limited (the Company) is a limited company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The principal activities of the company and its subsidiary (the Group) and the nature of the Group's operations are set out in note 4 and in the strategic report on pages 2 to 3.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the group operates.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The policies set out below have been applied consistently throughout the period to items considered material to the financial statements.

First-time adoption of IFRS and change of accounting policy

These financial statements, for the 12 month period ended 31 December 2015, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with United Kingdom generally accepted accounting principles (UK GAAP).

Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2014, the Group's date of transition to IFRS. There are no adjustments made by the Group in restating its UK GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements as at and for the year ended 31 December 2014, as such a reconciliation at the date of transition has not been presented; however, a third balance sheet has been presented under IFRS in accordance with IAS 1.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and total comprehensive income of Furuno Leasing Limited is wholly attributed to Furuno (UK) Limited. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the entities are eliminated in full on consolidation.

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Company only Statement of comprehensive income

Section 408 of the Companies Act 2006 provides an exemption from the requirement to publish a company only Statement of comprehensive income, and accordingly no such statement is included within these financial statements. The profit attributable to the company in the financial year was £1,143,695 (2014: £1,340,530).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Investments

Shares in Furuno Leasing Limited are stated at cost less provision for any impairment in value.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Revenue recognition (*Continued*)

Rendering of services and maintenance

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. This is recognised on an accruals basis over the term of the maintenance/service period.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described below.

Leases

The group acts as a lessor of certain types of rental equipment. As the risks and rewards of the assets are deemed to be retained, these are classified under operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currencies

In the consolidated financial statements, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the Company and its subsidiary, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions actually paid by the group during the year under review

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. All current and deferred tax is recognised in profit or loss.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold and Leasehold buildings	2% per annum
Motor vehicles	20% per annum
Furniture and fittings	20% per annum
Plant and equipment	10% per annum
Rental equipment	20% per annum
Computers	25% per annum

Freehold land is not depreciated.

The Group acts as a lessor of certain type of marine electronic equipment. As the risks and rewards of the assets are deemed to be retained, these are accounted for as fixed assets within the Group.

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Property, plant and equipment (*Continued*)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase invoice 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.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are required to be classified, at initial recognition, as financial assets at fair value through profit or loss or loans and receivables as appropriate. All financial assets are recognised initially at fair value plus, in the case of investments not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The Group's financial assets include loans and receivables.

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Financial instruments (*Continued*)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities

Financial liabilities are required to be classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include payables. The Group has not entered into any derivative arrangements in the current or prior year.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, or cancelled.

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Group has applied the following exemptions:

Freehold land and buildings were carried in the statement of financial position prepared in accordance with UK GAAP on the basis of their cost less depreciation or impairment at the date of transition.

Investments were carried in the statement of financial position prepared in accordance with UK GAAP on basis of cost less impairment at the date of transition.

The Group has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.

Estimates

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates at 1 January 2014 and at 31 December 2014 are consistent with those made for the same dates in accordance with UK GAAP.

Critical accounting judgements and sources of estimation uncertainty

When applying the Group's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date and amounts of revenue and expenses recognised during the period. Such assumptions and estimates are based upon factors including historical experience, the observance of trends in the industries in which the Group operates, and information available from the Group's customers and other external sources.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Warranty provision

The Group generally offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as evaluating recent trends that might suggest that past cost information may differ from future claims.

Inventory provision

The valuation of inventory requires management to estimate obsolete and excess inventory as well as inventory that is not of saleable quality. The estimate of future demand is compared to goods inventory levels to determine the amount, if any, of obsolete or excess inventory. If the demand forecast for specific products is greater than actual demand, there may be a requirement to write off inventory, which would negatively impact the gross margin.

Notes to the financial statements

For the year ended 31 December 2015

2. Significant accounting policies (*Continued*)

Critical accounting judgements and sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on management's best estimates and are reviewed, and adjusted if required, at each balance sheet date.

3. Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 32 <i>Offsetting financial assets and financial liabilities</i>	<p>The Company has adopted the amendments to IAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i> for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off', and simultaneous realisation and settlement'.</p> <p>The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.</p>
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New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group and Company have not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IAS 16 and IAS 38 (amendments)	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
IAS 19 (amendments)	<i>Defined Benefit Plans: Employee Contributions</i>
IAS 27 (amendments)	<i>Equity Method in Separate Financial Statements</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Annual Improvements to IFRSs: 2010-2012	Amendments to: IFRS2: <i>Share-based Payments</i> , IFRS 3 <i>Business Combinations</i> , IFRS 8 <i>Operating Segments</i> , IFRS 13 <i>Fair Value Measurement</i> , IAS 16 <i>Property, Plant and Equipment</i> , IAS 24 <i>Related Party Disclosures</i> and IAS 38 <i>Intangible Assets</i> .

Notes to the financial statements

For the year ended 31 December 2015

3. Adoption of new and revised Standards (*Continued*)

New and revised IFRSs in issue but not yet effective (*Continued*)

Annual Improvements
to IFRSs: 2011-2013

Amendments to: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 3 *Business Combinations*, IFRS 13 *Fair Value Measurement* and IAS 40 *Investment Property*.

Annual Improvements
to IFRSs: 2012-2014 Cycle

Amendments to: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosures*, IAS 19 *Employee Benefits* and IAS 34 *Interim Financial Reporting*.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods; except that IFRS 9 may impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

4. Operating segments

The Group's revenues from its major products and services were as follows:

	2015 £	2014 £
Equipment sales	6,829,275	8,010,623
Spares sales	901,264	602,066
Service income	1,712,141	1,071,293
Rental income	2,048,713	1,909,893
	<u>11,491,393</u>	<u>11,593,875</u>

The Group's revenues are derived from the following geographical areas:

	2015 £	2014 £
UK	10,655,243	10,592,765
Europe	604,478	758,860
Rest of the world	231,672	242,250
	<u>11,491,393</u>	<u>11,593,875</u>

Notes to the financial statements

For the year ended 31 December 2015

5. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Year ended 2015 £	Year ended 2014 £
Net foreign exchange (gains)/losses	(92,514)	110,700
Depreciation of property, plant and equipment (see note 12)	1,236,789	1,156,310
Gain on disposal of property, plant and equipment	(50,539)	(72,649)
Write downs of inventories recognised as an expense (see note 14)	268,000	455,000
Staff costs (see note 7)	1,692,207	1,582,507
Operating lease rentals (see note 22)	4,751	4,751
Impairment loss recognised on trade receivable (see note 15)	(22,364)	(88,517)

6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2015 £	Year ended 2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts	32,700	29,826
Fees payable to the company's auditor for other services to the group		
– The audit of the company's subsidiaries	7,800	7,200
Total audit fees	40,500	37,026
Fees payable to the company's auditor for other services to the group		
- Taxation advisory services	10,550	10,950
- Other advisory services	23,518	-
Total non-audit fees	34,068	10,950

Fees payable to Deloitte LLP for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements

For the year ended 31 December 2015

7. Staff costs

The average monthly number of employees (including UK-based directors) was:

	Group and Company	
	2015	2014
	Number	Number
Production	17	15
Sales and distribution	5	5
Administration	8	8
	<u>30</u>	<u>28</u>

Their aggregate remuneration comprised:

	Group and Company	
	Year ended 2015	Year ended 2014
	£	£
Wages and salaries	1,437,555	1,344,307
Social security costs	144,220	134,172
Other pension costs (see note 23)	110,432	104,028
	<u>1,692,207</u>	<u>1,582,507</u>

8. Investment revenues

	Year ended 2015	Year ended 2014
	£	£
Interest revenue:		
Bank deposits	16,160	17,149
	<u>16,160</u>	<u>17,149</u>

9. Finance costs

	Year ended 2015	Year ended 2014
	£	£
Finance cost:		
Bank charges	8,088	6,216
	<u>8,088</u>	<u>6,216</u>

Notes to the financial statements

For the year ended 31 December 2015

10. Tax

	Year ended 2015 £	Year ended 2014 £
Corporation tax:		
Current year	387,568	429,164
Adjustments in respect of prior years	-	(3,054)
	<u>387,568</u>	<u>426,100</u>
Deferred tax (see note 16)	21,845	27,909
	<u>409,413</u>	<u>454,021</u>

Corporation tax is calculated at 20.25 per cent (2014: 21.49 per cent) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 2015 £	Year ended 2014 £
Profit before tax on continuing operations	2,006,149	2,131,875
Tax at the UK corporation tax rate of 20.25% (2014: 21.49%)	406,176	458,207
Effect of:		
Expenses not deductible	4,237	7,204
Adjustment in respect of previous periods	-	(8,873)
Other tax rates	(1,000)	(2,517)
Tax expense for the year	<u>409,413</u>	<u>454,021</u>

11. Dividends

	Year ended 2015 £	Year ended 2014 £
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2015 of 250p (2014: 250 p) per share.	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

Notes to the financial statements

For the year ended 31 December 2015

12. Property, plant and equipment

Group

	Land and buildings £	Motor vehicle £	Furniture and fittings £	Plant and equipment £	Rental equipment £	Computers £	Total £
Cost							
At 1 January 2014	2,697,807	301,006	139,752	598,978	5,906,913	97,676	9,742,132
Additions	-	40,326	1,609	46,485	1,318,618	23,090	1,430,128
Disposals	(562,629)	(35,960)	(5,620)	(129,278)	(902,717)	(11,196)	(1,647,400)
At 31 December 2014	2,135,178	305,372	135,741	516,185	6,322,814	109,570	9,524,860
Additions	-	137,071	2,962	45,006	1,001,260	12,891	1,199,190
Disposals	-	(142,111)	(21,079)	(8,336)	(1,003,866)	(14,906)	(1,190,298)
At 31 December 2015	2,135,178	300,331	117,624	552,855	6,320,208	107,555	9,533,752
Accumulated depreciation							
At 1 January 2014	430,428	106,093	125,940	385,662	2,947,415	78,394	4,073,932
Charge for the year	38,949	53,707	4,761	49,413	999,840	9,642	1,156,310
Eliminated on disposal	(210,224)	(21,567)	(5,552)	(115,294)	(790,873)	(11,122)	(1,154,632)
At 31 December 2014	259,153	138,233	125,149	319,779	3,156,382	76,914	4,075,610
Charge for the year	33,071	56,606	4,622	47,361	1,081,572	13,557	1,236,789
Eliminated on disposal	-	(82,339)	(21,069)	(3,575)	(877,166)	(13,975)	(998,124)
At 31 December 2015	292,224	112,500	108,702	363,565	3,360,788	76,496	4,314,275
Carrying amount							
At 31 December 2015	1,842,954	187,832	8,922	189,290	2,959,420	31,059	5,219,477
At 31 December 2014	1,876,025	167,139	10,592	196,406	3,166,432	32,656	5,449,250
At 1 January 2014	2,267,379	194,913	13,812	213,316	2,959,498	19,282	5,668,200

Notes to the financial statements

For the year ended 31 December 2015

12. Property, plant and equipment (*Continued*)

Company

	Land and buildings £	Motor vehicle £	Furniture and fittings £	Plant and equipment £	Computers £	Total £
Cost						
At 1 January 2014	2,697,807	301,006	139,752	598,978	97,676	3,835,219
Additions	-	40,326	1,609	46,485	23,090	111,510
Disposals	(562,629)	(35,960)	(5,620)	(129,278)	(11,196)	(744,683)
At 31 December 2014	2,135,178	305,372	135,741	516,185	109,570	3,202,046
Additions	-	137,071	2,962	45,006	12,891	197,930
Disposals	-	(142,111)	(21,079)	(8,336)	(14,906)	(186,432)
At 31 December 2015	2,135,178	300,332	117,624	552,855	107,555	3,213,544
Accumulated depreciation						
At 1 January 2014	430,428	106,093	125,940	385,662	78,394	1,126,517
Charge for the year	38,949	53,707	4,761	49,413	9,642	156,470
Eliminated on disposal	(210,224)	(21,567)	(5,552)	(115,294)	(11,122)	(363,759)
At 31 December 2014	259,153	138,233	125,149	319,779	76,914	919,228
Charge for the year	33,071	56,606	4,622	47,361	13,557	155,217
Eliminated on disposal	-	(82,339)	(21,069)	(3,575)	(13,975)	(120,958)
At 31 December 2015	292,224	112,500	108,702	363,565	76,496	953,487
Carrying amount						
At 31 December 2015	1,842,954	187,832	8,922	189,290	31,059	2,260,057
At 31 December 2014	1,876,025	167,139	10,592	196,406	32,656	2,282,818
At 1 January 2014	2,267,379	194,913	13,812	213,316	19,282	2,708,702

13. Investment in subsidiary

	2015 £	2014 £
Shares in Furuno Leasing Limited 100,000 ordinary shares of £1	100,000	100,000

The Group consists of a parent company, Furuno (UK) Limited, incorporated in the UK and a wholly owned subsidiary, Furuno Leasing Limited, incorporated in the UK. The principal activity is that of a lessor of marine rental equipment.

The shares in Furuno Leasing Limited are held as available for sale as there are not traded on an active market. They are recorded at deemed cost, which are the carrying value under UK GAAP as at point of conversion.

Notes to the financial statements

For the year ended 31 December 2015

14. Inventories

	Group and Company		
	2015 £	2014 £	2013 £
Spare parts	313,703	326,676	278,688
Equipment	1,423,166	1,878,963	2,168,128
	<u>1,736,869</u>	<u>2,207,639</u>	<u>2,446,816</u>

The cost of inventories recognised as an expense includes £268,000 (2014: £455,000) in respect of write-downs of inventory to net realisable value, and has been reduced by £187,000 (2014: £21,000) in respect of the reversal of such write-downs. There is no material difference between the balance sheet value of stocks and their replacement cost.

15. Trade and other receivables

	Group			Company		
	2015 £	2014 £	2013 £	2015 £	2014 £	2013 £
Trade receivables	1,414,045	1,820,836	1,532,575	1,282,468	1,572,642	1,402,156
Less provision for impairment of trade receivables	(65,849)	(111,236)	(92,041)	(21,549)	(47,570)	(24,590)
	<u>1,348,196</u>	<u>1,709,600</u>	<u>1,440,534</u>	<u>1,260,919</u>	<u>1,620,212</u>	<u>1,377,566</u>
Receivables by holding company	2,000,000	-	-	2,000,000	-	-
Receivables by fellow subsidiaries	42,315	30,358	40,220	42,315	30,358	40,220
Deposit account	1,059,137	1,055,905	1,051,097	1,059,137	1,055,905	1,051,097
Other receivables	68,138	72,772	94,720	68,138	72,772	94,720
	<u>4,517,786</u>	<u>2,868,635</u>	<u>2,626,571</u>	<u>4,430,509</u>	<u>2,779,247</u>	<u>2,563,603</u>

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The directors believe the amount stated best represents the maximum exposure to credit risk.

Trade receivables are non-interest bearing and are generally on terms of less than 60 days. The Group provides for 100% of any trade receivables that are aged over 120 days as part of their bad debt policy.

The Company issued a loan of £2,000,000 to its parent company within the year with interest charged at market value and repayable within the year. The deposit account is a 95 day demand account. Significant other receivables relate to advance payments made to suppliers in relation to goods not yet received

Ageing of past due but not impaired receivables

	2015 £	2014 £	2013 £
31-60 days	850,971	1,407,695	1,101,147
61-90 days	378,288	238,856	245,038
91-120 days	118,937	63,049	94,349
Total	<u>1,348,196</u>	<u>1,709,600</u>	<u>1,440,534</u>

Notes to the financial statements

For the year ended 31 December 2015

15. Trade and other receivables (*Continued*)

Movement in the allowance for doubtful debts

	2015 £	2014 £	2013 £
Balance at the beginning of the period	111,235	92,042	67,720
Impairment losses recognised	22,364	88,517	77,950
Amounts written off during the year as uncollectible	(19,220)	(4,399)	(6,873)
Amounts recovered during the year	(48,530)	(64,925)	(46,755)
Balance at the end of the period	65,849	111,235	92,042

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

There are not any provisions for impairment of debt that relates to the liquidation of customers. When the Group becomes aware of the liquidation of a customer, the entire debt relating to that customer is written-off as bad debt.

16. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group and company and the movements thereon during the current and prior reporting period. Note all movements have been charged directly to the income statement.

	Group £	Company £
Deferred taxation movement for the year		
Balance as at 1 January 2014	36,028	2,896
Charged to income statement	(27,910)	7,881
Balance as at 31 December 2014	8,119	10,777
Charged to income statement	(21,845)	(5,301)
Balance as at 31 December 2015	(13,726)	5,476

The analysis of deferred tax balances including offset between deferred tax assets and liabilities is as follows:

	Group			Company		
	2015 £	2014 £	2013 £	2015 £	2014 £	2013 £
Capital allowances in excess of depreciation	(32,726)	(12,881)	14,628	(13,524)	(10,223)	(18,504)
Short term timing differences	19,000	21,000	21,400	19,000	21,000	21,000
Deferred tax (liability)/asset	(13,726)	8,119	36,028	5,476	10,777	2,896

Notes to the financial statements

For the year ended 31 December 2015

17. Trade and other payables

	Group			Company		
	2015 £	2014 £	2013 £	2015 £	2014 £	2013 £
Current						
Trade payables	361,239	318,698	239,380	152,417	95,534	151,514
Amount owed to parent company	188,471	301,248	350,083	188,471	301,248	350,083
Amount owed to fellow subsidiaries	108,248	8,250	2,738	108,248	8,250	2,738
Amount owed to subsidiary company	-	-	-	5,665,526	4,963,835	4,865,505
Other taxation and social security	61,825	58,073	54,310	61,825	58,073	54,310
Trade and other payables	719,783	686,269	646,511	6,176,487	5,426,940	5,424,150
Corporation tax payable	232,668	236,564	170,180	201,879	247,795	166,367
Provisions	478,500	462,000	373,000	478,500	462,000	373,000
Accruals and deferred income	377,046	346,888	351,117	190,408	166,992	180,091
	<u>1,807,997</u>	<u>1,731,721</u>	<u>1,540,808</u>	<u>7,047,274</u>	<u>6,303,727</u>	<u>6,143,608</u>
Non-current						
Accruals and deferred income	24,469	35,906	206,460	-	-	-
Deferred tax liability	13,726	(8,119)	(36,028)	(5,476)	(10,777)	(2,896)
	<u>38,195</u>	<u>27,787</u>	<u>170,432</u>	<u>(5,476)</u>	<u>(10,777)</u>	<u>(2,896)</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables; however, the Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

18. Provisions

	Group and Company		
	2015 £	2014 £	2013 £
Warranty provision	102,000	105,000	85,000
Bonus provision	376,500	357,000	288,000
	<u>478,500</u>	<u>462,000</u>	<u>373,000</u>

Notes to the financial statements

For the year ended 31 December 2015

18. Provisions (Continued)

	Warranty provision £	Bonus provision £	Total £
At 1 January 2015	105,000	357,000	462,000
Additional provision in the year	108,399	272,018	380,417
Utilisation of provision	(111,399)	(252,518)	(363,917)
At 31 December 2015	<u>102,000</u>	<u>376,500</u>	<u>478,500</u>

The warranty provision represents management's best estimate of the Company's liability under 12-month warranties granted on marine electronic equipment, based on past experience and evaluating recent trends.

The bonus provision represents management's best estimate of the Company's liability for staff bonuses for the financial year-ending 31 December 2015 and expected to be paid within the

19. Share capital

Group and Company

	2015 £	2014 £	2013 £
Authorised:			
200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:			
200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

20. Retained earnings

	Group £	Company £
Balances at 1 January 2014	11,951,648	4,599,708
Dividends paid	(500,000)	(500,000)
Net profit for the year	<u>1,677,854</u>	<u>1,340,530</u>
Balance at 31 December 2014 and 1 January 2015	13,129,502	5,440,238
Dividends paid	(500,000)	(500,000)
Net profit for the year	<u>1,596,736</u>	<u>1,143,695</u>
Balance at 31 December 2015	<u>14,226,238</u>	<u>6,083,933</u>

Notes to the financial statements

For the year ended 31 December 2015

21. Notes to the cash flow statement

	2015 £	2014 £
Profit for the year	1,596,736	1,677,854
Adjustments for:		
Investment revenues	(16,160)	(17,149)
Effects of foreign exchange	(101,523)	137,186
Finance costs	8,088	6,216
Income tax expense	409,413	454,021
Depreciation of property, plant and equipment	1,236,789	1,156,310
Gain on disposal of property, plant and equipment	(50,539)	(72,649)
Increase/(decrease) in provisions	16,500	89,000
Operating cash flows before movements in working capital	3,099,304	3,406,412
Decrease in inventories	470,770	239,177
Increase in receivables	(1,649,151)	(242,064)
Increase/(decrease) in payables	52,235	(138,806)
Cash generated by operations	1,973,158	3,292,877
Income taxes paid	(391,464)	(359,728)
Net cash from operating activities	1,581,694	2,933,149
Cash and cash equivalents		
	2015 £	2014 £
Cash at bank	3,716,569	2,990,604
Short term deposits	1,081,729	1,572,882
	4,798,298	4,563,486

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above. All cash and cash equivalents are classified as current assets.

Analysis of changes in net debt

	1 January 2015 £	Cash Flow £	31 December 2015 £
Cash	2,990,604	725,965	3,716,569
Short term deposits	1,572,882	(491,153)	1,081,729
Net debt	4,563,486	234,812	4,798,298

Notes to the financial statements

For the year ended 31 December 2015

22. Operating lease arrangements

The Group as lessee

	2015 £	2014 £
Lease payments under operating leases recognised as an expense in the year	4,751	4,751

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	4,751	4,751
In the second to fifth years inclusive	19,004	19,004
After five years	233,987	238,738
	<u>257,742</u>	<u>262,493</u>

Operating lease payments represent rentals payable by the Group for certain of its land and office premises for a 60 year lease without option to extend and lease payment review every three years.

The group as lessor

Rental income from marine equipment earned during the year was £2,415,487 (2014: £2,295,016). Certain items of the group's equipment held for rental purposes, with a carrying amount of £47,677 have been disposed of since the balance sheet date. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee has the option to purchase the equipment at any point during the lease at a fair value.

At the balance sheet date, the Company had contracted with customers for the following future minimum lease payments:

	2015 £	2014 £
Within one year	583,868	234,350
In the second to fifth years inclusive	2,436,354	3,268,151
	<u>3,020,222</u>	<u>3,502,501</u>

23. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the group in an independently administered fund. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to income of £110,432 (2014: £104,028) represents contributions payable as pension costs by the Group. As at 31 December 2015, contributions of £nil (2014: £nil) relating to pension costs due in respect of the current reporting period had not been paid.

Notes to the financial statements

For the year ended 31 December 2015

24. Financial Instruments

Categories of financial instruments

Group

	2015 £	2014 £	2013 £
Financial assets			
Cash and cash equivalents	4,798,298	4,563,486	3,121,301
Loans and receivables	4,517,786	2,868,635	2,626,571
Financial liabilities			
Held at amortised cost	1,121,298	1,111,042	1,051,136

Company

	2015 £	2014 £	2013 £
Financial assets			
Cash and cash equivalents	4,798,296	4,563,484	3,121,299
Loans and receivables	4,430,509	2,779,247	2,563,603
Financial liabilities			
Held at amortised cost	6,366,895	5,671,817	5,657,749

At the end of the reporting period, the group have not designated any loans and receivables as FVTPL.

Reclassification of financial assets

The Group has made no reclassifications of financial assets either in the prior or the current year.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Fair value measurements

Fair value is considered to be materially equivalent to book value for the Group's financial assets and liabilities, where items are short term in nature, including cash, trade payables and other contractual liabilities. Further information on the provision for credit losses on trade receivables is given in note 15.

Financial risk management objectives

The Group's treasury policy seeks to minimise financial risks and to ensure sufficient liquidity for its operations and strategic plans. No complex financial instruments are used and no trading or speculative transactions in financial instruments are undertaken. Where the Group does use financial instruments these are mainly to manage currency risks arising from normal operations.

The Group is exposed primarily to currency risk and to a lesser extent to interest risk and liquidity risk. The Group's Board of Directors and senior managers oversee the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Notes to the financial statements

For the year ended 31 December 2015

24. Financial Instruments (*Continued*)

Foreign currency risk

The Group is exposure to the foreign currency risk as a consequence of trading with foreign entities. Exchange rate exposures are managed through the monitoring of foreign currency bank accounts. The Group does not use foreign currency bank accounts for speculative purposes.

Foreign currency sensitivity analysis

During the year, the Group is mainly exposed to the following currencies: yen, euro, and US dollar.

The only item on the balance sheet that could have material impact due to fluctuations in the foreign exchange rates is the payable to the parent company. However, this is effectively hedged at year-end as the Group have sufficient yen in the bank account at this time to cover the liability. As such the Group have not presented a foreign currency sensitivity analysis as the effect of any fluctuation in currency would be £nil on the profit and loss account for the year ending 31 December 2015.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk. The Group is exposed primarily to currency risk; prices are set by the ultimate Furuno Group. Financial instruments affected by market risk include deposits and trade and other receivables.

The sensitivity analyses in the following sections relate to the position as at 31 December 2015.

The sensitivity analyses have been prepared on the basis that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

- ▶ The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2015

Capital risk management

The Group defines its capital as the Group's total equity. Its objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefit to investors and maintain sufficient financial resources to mitigate risks and unforeseen events.

The Group is not subject to any externally imposed capital requirements.

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations leading to a financial loss. The Group's principal financial assets are bank balances and cash, trade and other receivables, operating lease receivables and investments.

The Group's credit risk is primarily attributable to its trade and operating lease receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flow and where appropriate credit guarantee insurance is purchased as a means of mitigating risk of financial loss from defaults.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Notes to the financial statements

For the year ended 31 December 2015

24. Financial Instruments (*Continued*)

Liquidity risk management

The Group does not hold any long or short-term debt finance. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and the use of different terms money market deposit accounts. Details of additional undrawn facilities that the Group has at its disposal to further reduce its liquidity risk are set out below.

Financing facilities

	2015 £	2014 £
Secured bank overdraft facility:		
- amount used	-	-
- amount unused	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

The Group does not hold any unsecured bank overdraft facilities or unsecured bill acceptance facilities.

25. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

During the year, group companies entered into the following transactions with related parties who are not members of the group:

	Sale of goods		Purchase of goods	
	2015 £	2014 £	2015 £	2014 £
Furuno Electric Company Limited	146,385	146,567	4,596,367	5,694,629
Furuno Norge A/S	37,115	66,821	16,704	40,958
Furuno U.S.A. Inc	-	10,032	124,476	21,818
Furuno Danmark A/S	58,080	76,234	76,948	1,776
Furuno Sverige A/B	14,412	48,596	8,533	299
Furuno France S.A.	1,952	4,156	28,721	15,718
Furuno Espana S.A.	2,810	24,219	72,843	39,943
Furuno Finland OY	1,386	1,457	23,656	10,920
Furuno Deutschland GmbH	48,222	64,594	6,491	7,735
Furuno Eurus	-	-	5,982	1,756
Furuno Polska SP	1,081	1,227	173	320
Furuno Hellas Limited	21,689	45,565	31,625	57,761
Furuno Singapore Pte Ltd	17,865	23,381	147,966	18,010
Furuno (Cyprus) Limited	73,157	23,277	9,630	1,902
Furuno European Branch Office	3,499	-	3,020	42,589
Furuno Korea Company Limited	-	1,113	25,099	1,301
Furuno Italia S.r.l.	17,356	19,872	10,062	3,327
Furuno Shanghai Company Limited	-	-	47,196	10,075

Notes to the financial statements

For the year ended 31 December 2015

25. Related party transactions (*Continued*)

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2015 £	2014 £	2015 £	2014 £
Furuno Electric Company Limited	2,000,000	-	188,471	301,248
Furuno Norge A/S	4,300	11,077	-	-
Furuno U.S.A. Inc	-	1,646	12,651	-
Furuno Danmark A/S	-	2,595	19,610	-
Furuno Sverige A/B	-	2,771	-	-
Furuno France S.A.	-	294	2,190	-
Furuno Espana S.A.	-	-	30,252	770
Furuno Finland OY	-	1,276	447	-
Furuno Deutschland GmbH	-	4,071	2,406	-
Furuno Eurus	-	-	-	-
Furuno Polska SP	-	-	173	193
Furuno Hellas Limited	3,276	-	-	-
Furuno Singapore Pte Ltd	-	1,838	-	-
Furuno (Cyprus) Limited	30,941	1,982	19,535	-
Furuno European Branch Office	-	-	-	1,251
Furuno Korea Company Limited	-	-	4,116	-
Furuno Italia S.r.l.	3,798	2,807	-	-
Furuno Shanghai Company Limited	-	-	16,768	6,035

The above companies are related parties as they are subsidiaries of the same parent company as Furuno (UK) Limited.

Sales of goods to related parties were made at the group's usual list prices. Purchases were made at market price.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The Group purchased services from S.J. Oliver to the value of £10,847 in the year (2014: £24,358) from the brother of C.W. Oliver. These services were provided on normal commercial terms.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2015 £	2014 £
Salaries, fees, bonuses and benefits in kind	377,961	364,661
Post-employment benefits	35,258	34,455
	<u>413,219</u>	<u>399,116</u>

Two directors were members of a defined contribution pension scheme (2014: two).

Notes to the financial statements

For the year ended 31 December 2015

25. Related party transactions (*Continued*)

Remuneration of key management personnel (*Continued*)

M Koike, Y Furuno and S Ametani are directors of the ultimate parent company, Furuno Electric Company Limited, where their remuneration and benefits are recognised and disclosed. None of these amounts are allocated to the Group.

26. Ultimate parent company and controlling party

The ultimate parent company and controlling party is Furuno Electric Company Limited, a company incorporated in Japan, which is the parent undertaking of the largest group of which the company is a member, and for which group accounts are drawn up. Copies of its financial statements can be obtained from Osaka Securities Exchange, Osaka, Japan.

The parent undertaking of the smallest group of which the company is a member, and for which group accounts are drawn up, is Furuno (UK) Limited, a company incorporated in England. Copies of its financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

27. Subsequent events

The Directors propose a dividend of £500,000 to be approved on 31st March 2016.

The Directors approved a loan to its parent company, Furuno Electric Company Limited, on 24th February 2016 at arms-length for £1.8million repayable in 12 months.