

Registered No: 1413144

## Nitto Kohki Europe Co. Limited

### Report and Financial Statements

31 December 2015

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20/05/2016

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COMPANIES HOUSE

Registered No. 1413144

**Directors**

M Ogue  
H Ushigome  
Y Onoda

**Secretary**

M Ogue

**Auditors**

Ernst & Young LLP  
400 Capability Green  
Luton LU1 3LU

**Bankers**

The Bank of Tokyo-Mitsubishi Limited  
12-15 Finsbury Circus  
London EC2M 7BT

Lloyds Bank Plc  
Intu Shopping Centre  
Watford WD17 2UB

Bank of Ireland  
17 Drimnagh Road  
Walkinstown  
Dublin 12  
Republic of Ireland

Bank of Scotland  
150 Fountainbridge  
Edinburgh EH3 9PE

**Solicitors**

Baker & McKenzie  
100 New Bridge Street  
London EC4V 6JA

**Registered Office**

100 New Bridge Street  
London EC4V 6JA

Registered No. 1413144

## Strategic report

### Principal activities and review of the business

The principal activity of the company and its subsidiaries' is the supply of pumps, tools and cuplas worldwide. There have been no changes in the company's principal activities as a result of the economic slowdown worldwide in the year under review. The directors are cautiously optimistic, at the date of this report, of recovery in the group's activities in the forthcoming year.

On 31<sup>st</sup> March 2015 the company disposed of it's subsidiary, Universal Drilling & Cutting Equipment Ltd (UDCE) who operated in the UK, USA and Europe. The company has one remaining subsidiary, Nitto Kohki Deutschland GmbH (Germany).

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

|                         | Unit | 2015      | 2014        |
|-------------------------|------|-----------|-------------|
| Turnover                | £    | 1,803,119 | 1,731,714   |
| Gross profit margin     | %    | 31%       | 31%         |
| Operating profit/(loss) | £    | 88,658    | (2,461,341) |

As shown in the Company's income statement on page 7, the Company's sales have increased by 4% from last year.

The Company's key measurement of effectiveness of its operations is calculating gross margin after direct costs. The Company achieved a gross margin after direct costs of 31%.

The Company's Statement of Financial Position on page 8 shows that the group's financial position at the year end has, in net assets, increased compared with the prior year.

The Company's cash levels have increased by £2,478,368, from £1,205,158 at the end of 2014 to £3,683,526 at the end of the current financial year. This is due to the increase of cash following the sale of UDCE during the financial year.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped as – competitive and foreign exchange risk.

#### Competitive risk

The main concern for the Company is the slowdown of world economy and coping with it for the foreseeable future.

The Company operates in a highly competitive market which is a continuing risk to the group and could result in losing sales to its key competitors. The Company manages this risk by providing value added services to its customers, by having fast response times to customer queries and by maintaining strong relationships with its customers.

#### Foreign exchange risk

Some of the Company's sales are in Euros which exposes the Company to currency movement and therefore the Company is exposed to movement in the Euro to pound exchange rate.

On behalf of the board



M Ogue  
Director

17/5/2016

Registered No. 1413144

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

### Results and dividends

The Company profit for the year after taxation amounted to £91,076 (2014 – losses of £2,454,720) There were no dividends paid for the year.

### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out below.

The company has considerable financial resources together with existing good relationship with number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has 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 annual financial statements.

### Directors

The directors who served during the year were as follows:

M Ogue

H Ushigome

E Kaibuchi (Resigned on 30/03/2015)

Y Onoda (Appointed on 11/05/2015)

### Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2015, the company had an average of 60 days' purchases outstanding in trade creditors.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



M Ogue  
Secretary

17/5/2016

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice), including Financial Reporting Standard 102. 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; and
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 proper 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 auditors' report**

**to the members of Nitto Kohki Europe Co. Limited**

We have audited the financial statements of Nitto Kohki Europe Co. Limited for the year ended 31 December 2015 which comprise the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to 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**

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

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **Independent auditors' report**

**to the members of Nitto Kohki Europe Co. 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.

*Ernst & Young LLP*

John Dervley (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

*17 May 2016*

## Income Statement

for the year ended 31 December 2015

|   | Notes | 2015<br>£   | 2014<br>£   |
|---|-------|-------------|-------------|
| Turnover  | 2     | 1,803,119   | 1,731,714   |
| Cost of sales   |       | (1,236,288) | (1,202,605) |
| <b>Gross profit</b>   |       | 566,831     | 529,109     |
| Distribution costs  |       | (70,295)    | (76,041)    |
| Administrative expenses                                     |       | (391,903)   | (469,054)   |
| Other operating expense                                     |       | (4,653)     | (9,401)     |
| <b>Exceptional Items</b>                                    |       |             |             |
| Profit on sale of fixed assets                              |       | -           | 180,699     |
| Impairment of investments                                   |       | -           | (2,616,653) |
| Fees associated with sale of investment                     |       | (11,322)    | -           |
| <b>Operating profit/(loss)</b>                              | 3     | 88,658      | (2,461,341) |
| Interest receivable and similar income                      | 6     | 24,658      | 4,676       |
| <b>Profit/(loss) on ordinary activities before taxation</b> |       | 113,316     | (2,456,665) |
| Taxation on ordinary activities                             | 7     | (22,240)    | 1,945       |
| <b>Profit/(loss) for the financial year</b>                 |       | 91,076      | (2,454,720) |



## Statement of Comprehensive Income

For the year ended 31 December 2015

|  | <i>Notes</i> | <i>2015</i><br>£ | <i>2014</i><br>£   |
|--|--------------|------------------|--------------------|
| Profit/(loss) for the financial year                           | 2            | 91,076           | (2,454,720)        |
| Other comprehensive income                                     |              | -                | -                  |
| <b><i>Total comprehensive income / (loss) for the year</i></b> |              | <u>91,076</u>    | <u>(2,454,720)</u> |

## Statement Of Changes In Equity

at 31 December 2015

|   | <i>Share capital</i> | <i>Profit and<br/>loss account</i> | <i>Total<br/>share-<br/>holders'<br/>funds</i> |
|---|----------------------|------------------------------------|--|
|   | £                    | £                                  | £  |
| At 1 January 2014                                 | 4,730,000            | 2,280,477                          | 7,010,477                                      |
| Total comprehensive loss for the financial year   | -                    | (2,454,720)                        | (2,454,720)                                    |
| Dividends   | -                    | (100,000)                          | (100,000)                                      |
| At 1 January 2015                                 | 4,730,000            | (274,243)                          | 4,455,757                                      |
| Total comprehensive income for the financial year | -                    | 91,076                             | 91,076   |
| Dividends   | -                    | -                                  | -  |
| At 31 December 2015                               | 4,730,000            | (183,167)                          | 4,546,833                                      |

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## Statement Of Financial Position

For the year ended 31 December 2015

|   | Notes | 2015<br>£        | 2014<br>£        |
|---|-------|------------------|------------------|
| <b>Fixed assets</b>                                   |       |                  |                  |
| Intangible fixed assets                               | 9     | 1                | 1                |
| Tangible Fixed Assets                                 | 10    | 6,918            | 14,259           |
| Investments   | 11    | 139,373          | 2,429,082        |
|   |       | <u>146,292</u>   | <u>2,443,342</u> |
| <b>Current assets</b>                                 |       |                  |                  |
| Stocks  | 12    | 727,185          | 664,128          |
| Debtors   | 13    | 248,157          | 270,984          |
| Cash at bank and in hand                              |       | <u>3,683,526</u> | <u>1,205,158</u> |
|   |       | 4,658,868        | 2,140,270        |
| <b>Creditors: amounts falling due within one year</b> | 14    | <u>(257,753)</u> | <u>(125,225)</u> |
| <b>Net current assets</b>                             |       | <u>4,401,115</u> | <u>2,015,045</u> |
| <b>Total assets less current liabilities</b>          |       | 4,547,407        | 4,458,387        |
| <b>Provisions for liabilities</b>                     | 15    | <u>(574)</u>     | <u>(2,630)</u>   |
| <b>Net assets</b>                                     |       | <u>4,546,833</u> | <u>4,455,757</u> |
| <b>Capital and reserves</b>                           |       |                  |                  |
| Called up share capital                               | 16    | 4,730,000        | 4,730,000        |
| Profit and loss account                               |       | <u>(183,167)</u> | <u>(274,243)</u> |
| <b>Shareholders' funds</b>                            |       | <u>4,546,833</u> | <u>4,455,757</u> |

The financial statements were approved by the board on 17/5/2016 and signed on its behalf by:



M Ogue  
Director

## Notes to the financial statements

at 31 December 2015

### 1. Accounting policies

Nitto Kohki Europe Co. Limited is a company incorporated in England. The registered office is 100 New Bridge Street, London, EC4V 6JA.

#### ***Basis of preparation and changes in accounting policy***

The financial statements are prepared in accordance with applicable accounting standards.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2015.

The company transitioned from the previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 20.

#### ***Going concern***

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out below.

The Company has considerable financial resources together with existing good relationship with number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has 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 annual financial statements.

#### ***Exemptions for qualifying entities***

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Nitto Kohki Co. Limited which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i). from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included within these financial statements, includes the Company's cash flows;
- ii). from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- iii). from disclosing the Company's key management personnel compensation, as required by FRS 102 paragraph 33.7.

#### ***Group financial statements***

The company is exempt from preparing and delivering group financial statements under section 401 of the Companies Act 2006 as it and its subsidiary undertaking are included by full consolidation in the publically available consolidated financial statements of its ultimate parent undertaking. The financial statements present information about the company's own individual undertaking and not part of the group as a whole.

#### ***Judgements and key sources of estimation uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Directors have reviewed all of the assets and liabilities at the Balance Sheet date and the amounts reported for revenues and expenses during the year, and in the opinion of the Directors, there are no key judgements or sources of estimation uncertainty which could materially impact the financial statements.

## Notes to the financial statements

at 31 December 2015

### 1. Accounting policies (continued)

#### *Intangible fixed assets*

Intangible assets acquired separately from a business are capitalised at cost.

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Property, Plant and Equipment*

Property, Plant and Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

|   |                       |
|---|-----------------------|
| Freehold property                                       | – 4% per annum        |
| Freehold improvements, furniture, fixtures and fittings | – 20% per annum       |
| Computer equipment – hardware and software              | – 33% per annum       |
| Plant and machinery                                     | – 14 to 25% per annum |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Investments*

Investments are accounted for at the lower of cost and net realisable value. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Revenue recognition*

Revenue, which excludes value added tax, represents the invoiced value of goods and services supplied. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, usually on despatch of goods.

#### *Interest income*

Revenue is recognised as interest accrues using the effective interest method.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value, and consist of finished goods and include any import duties and freight inwards costs where applicable. Provision is made for obsolescence.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions of the company denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities in currencies other than sterling are translated into sterling at the rates of exchange ruling at that date. These translation differences are dealt with in the company income statement.

## Notes to the financial statements

at 31 December 2015

### 1. Accounting policies (continued)

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### *Holiday pay accrual*

Holiday entitlement earned but not taken at the date of the statement of financial position is accrued.

#### *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

### 2. Turnover

Turnover, which is stated net of value added tax represents amounts invoiced to third parties during the year.

An analysis of turnover by geographical area is given below:

|                          | 2015<br>£        | 2014<br>£        |
|--------------------------|------------------|------------------|
| United Kingdom           | 1,085,170        | 1,074,032        |
| Other European countries | 632,547          | 589,554          |
| America                  | 703              | -                |
| Other                    | 84,699           | 68,128           |
|                          | <u>1,803,119</u> | <u>1,731,714</u> |

### 3. Operating profit/(loss)

This is stated after charging:

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| Auditors' remuneration:   |           |           |
| Fees payable to the company's auditor for the audit of the company's financial statements | 26,335    | 25,228    |
| Operating leases – land and buildings   | 26,900    | 14,250    |
| – others  | 3,424     | 1,964     |
| Depreciation of owned fixed assets  | 9,448     | 9,194     |
| Exchange losses   | 4,653     | 13,583    |
| Impairment of investments   | -         | 2,616,653 |
| Profit on disposal of freehold property   | -         | 180,699   |

## Notes to the financial statements

at 31 December 2015

### 4. Directors' remuneration

|                         | 2015          | 2014          |
|-------------------------|---------------|---------------|
|                         | £             | £             |
| Directors' remuneration | 81,800        | 82,800        |
| Pension costs           | 3,312         | 3,312         |
|                         | <u>85,112</u> | <u>86,112</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2014 – 1).

### 5. Staff costs

|                       | 2015           | 2014           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Wages and salaries    | 144,919        | 177,014        |
| Social security costs | 22,134         | 32,671         |
| Pension costs         | 3,259          | 10,236         |
|                       | <u>170,312</u> | <u>219,921</u> |

The average monthly number of employees during the year was made up as follows:

|                        | No.      | No.      |
|------------------------|----------|----------|
| Administration         | 2        | 2        |
| Sales and distribution | 2        | 3        |
|                        | <u>4</u> | <u>5</u> |

### 6. Interest receivable and similar income

|                          | 2015          | 2014         |
|--------------------------|---------------|--------------|
|                          | £             | £            |
| Bank interest receivable | 24,658        | 4,676        |
|                          | <u>24,658</u> | <u>4,676</u> |

## Notes to the financial statements

at 31 December 2015

### 7. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

|  | 2015<br>£      | 2014<br>£      |
|--|----------------|----------------|
| <b>Current tax:</b>                                  |                |                |
| UK corporation tax on the profit/(loss) for the year | 24,296         | (1,944)        |
| Total current tax (note 7(b))                        | <u>24,296</u>  | <u>(1,944)</u> |
| <b>Deferred tax:</b>                                 |                |                |
| Timing differences, origination and reversal         | (2,056)        | (1)            |
| Total deferred tax (note 7(c))                       | <u>(2,056)</u> | <u>(1)</u>     |
| Tax on (loss)/profit on ordinary activities          | <u>22,240</u>  | <u>(1,945)</u> |

(b) Factors affecting the total tax charge for the year

The tax assessed for the year differs from the blended rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are explained below:

|   | 2015<br>£      | 2014<br>£          |
|---|----------------|--------------------|
| Profit/(loss) on ordinary activities before tax   | <u>113,316</u> | <u>(2,456,665)</u> |
| Profit/(loss) on ordinary activities multiplied by blended rate of corporation tax in the UK of 20.25% (2014 – 21.5%) | 22,946         | (528,183)          |
| <b>Effects of:</b>  |                |                    |
| Expenses not deductible for tax purposes/(non-taxable income)   | 1,972          | 4,697              |
| Capital allowances in (excess)/arrear of depreciation   | (2,678)        | (1,762)            |
| Impairment of investment  | -              | 562,153            |
| Capital gain on sale of freehold property   | -              | (38,850)           |
| Current tax for the year (note 7(a))  | <u>22,240</u>  | <u>(1,945)</u>     |



## Notes to the financial statements

at 31 December 2015

### 7. Tax (continued)

(c) Deferred tax:

The deferred tax included in the balance sheet is as follows:

|  | 2015<br>£ | 2014<br>£ |
|--|-----------|-----------|
| Included in provisions for liabilities | 574       | 2,630     |
| At 1 January                           | 2,630     | 2,631     |
| Credited to the income statement       | (2,056)   | (1)       |
| At 31 December                         | 574       | 2,630     |

Analysis of deferred tax balance:

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| Capital allowances in arrears of depreciation | 574       | 2,630     |
|   | 574       | 2,630     |

#### *Factors that may affect future tax charges*

In July 2013 the Finance Act 2013 enacted reductions to the main rate of corporation tax to 21% from April 2014 and to 20% in April 2015. Further charges to the UK corporation tax rates in the Chancellor's budget in July 2015 include reductions to the main rate to reduce the rate to 19% in April 2017 and 18% in April 2020.

### 8. Dividends

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| Declared and paid during the year:                |           |           |
| Final dividend paid                               | -         | 100,000   |
| Proposed for approval by shareholders at the AGM: |           |           |
| Final dividend                                    | -         | -         |

Dividends proposed by the directors but not approved at the balance sheet date have not been recognised as a liability.

### 9. Intangible fixed assets

|  | Trademark<br>£ |
|--|----------------|
| Cost:                                  |                |
| At 1 January 2015 and 31 December 2015 | 1              |

## Notes to the financial statements

at 31 December 2015

### 10. Tangible fixed assets

|                           | <i>Freehold<br/>property</i> | <i>Freehold<br/>improvements,<br/>furniture,<br/>fixtures and<br/>fittings</i> | <i>Computer<br/>equipment</i> | <i>Total</i> |
|---------------------------|------------------------------|--|-------------------------------|--------------|
| Cost:                     | £                            | £  | £                             | £            |
| At 1 January 2015         | -                            | 45,372   | 74,827                        | 120,199      |
| Additions                 | -                            | 1,079  | 1,081                         | 2,160        |
| Disposals                 | -                            | (29,010)   | (50,875)                      | (79,885)     |
| At 31 December 2015       | -                            | 17,441   | 25,033                        | 42,474       |
| Accumulated depreciation: |                              |  |                               |              |
| At 1 January 2015         | -                            | 37,400   | 68,540                        | 105,940      |
| Charge for the year       | -                            | 3,144  | 6,304                         | 9,448        |
| Disposals                 | -                            | (28,955)   | (50,877)                      | (79,832)     |
| At 31 December 2015       | -                            | 11,589   | 23,967                        | 35,556       |
| Net book value:           |                              |  |                               |              |
| At 31 December 2015       | -                            | 5,852  | 1,066                         | 6,918        |
| At 1 January 2015         | -                            | 7,972  | 6,287                         | 14,259       |

### 11. Investments

|                     | <i>Subsidiary<br/>undertakings</i> |
|---------------------|------------------------------------|
| Cost:               | £                                  |
| At 1 January 2015   | 6,094,577                          |
| Disposals           | (5,955,204)                        |
| At 31 December 2015 | 139,373                            |
| Amounts provided:   |                                    |
| At 1 January 2015   | 3,665,495                          |
| Disposals           | (3,665,495)                        |
| At 31 December 2015 | -                                  |
| Net book value:     |                                    |
| At 1 January 2015   | 2,429,082                          |
| At 31 December 2015 | 139,373                            |

|                              | <i>Country of<br/>incorporation</i> | <i>Class of<br/>shares owned</i> | <i>Interest held</i> |
|------------------------------|-------------------------------------|----------------------------------|----------------------|
| Nitto Kohki Deutschland GmbH | Germany                             | Ordinary                         | 100%                 |

The companies operate principally in their country of incorporation and carry on the business of the importation and sale of machine tools, couplings, air pumps and the manufacturing of machine tools and industrial cutters.

## Notes to the financial statements

at 31 December 2015

### 12. Stocks

|                | 2015           | 2014           |
|----------------|----------------|----------------|
|                | £              | £              |
| Finished goods | 727,185        | 664,128        |
|                | <u>727,185</u> | <u>664,128</u> |

Stocks recognised as an expense in the period were £1,236,288 (2014 -£1,202,605).

### 13. Debtors

|                                    | 2015           | 2014           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Trade debtors                      | 201,339        | 258,413        |
| Amounts owed by group undertakings | -              | -              |
| VAT receivable                     | 8,025          | -              |
| Prepayments and accrued income     | 38,793         | 12,571         |
|                                    | <u>248,157</u> | <u>270,984</u> |

### 14. Creditors: amounts falling due within one year

|                                       | 2015           | 2014           |
|---------------------------------------|----------------|----------------|
|                                       | £              | £              |
| Trade creditors                       | 3,674          | 8,635          |
| Amounts owed to group undertakings    | 180,818        | 59,063         |
| Corporation tax payable               | 24,296         | (2,500)        |
| Other taxes and social security costs | -              | 23,076         |
| Accruals and deferred income          | 48,965         | 36,951         |
|                                       | <u>257,753</u> | <u>125,225</u> |

## Notes to the financial statements

at 31 December 2015

### 15. Provisions for liabilities

|   | <i>Deferred tax</i><br>£ |
|---|--------------------------|
| At 1 January 2015                       | (2,630)                  |
| Credited to the profit and loss account | 2,056                    |
| At 31 December 2015                     | <u>(574)</u>             |

The deferred tax included in the balance sheet is as follows:

|  | 2015<br>£    | 2014<br>£      |
|--|--------------|----------------|
| Included in provisions for liabilities | <u>(574)</u> | <u>(2,630)</u> |
| At 1 January                           | (2,630)      | (2,631)        |
| Credited to the income statement       | 2,056        | 1              |
| At 31 December                         | <u>(574)</u> | <u>(2,630)</u> |

Analysis of deferred tax balance:

|   | 2015<br>£    | 2014<br>£      |
|---|--------------|----------------|
| Capital allowances in arrears of depreciation | <u>(574)</u> | <u>(2,630)</u> |
|   | <u>(574)</u> | <u>(2,630)</u> |

### 16. Issued share capital

|   | 2015<br>No. | 2015<br>£        | 2014<br>No. | 2014<br>£        |
|---|-------------|------------------|-------------|------------------|
| <i>Allotted, called up and fully paid</i> |             |                  |             |                  |
| Ordinary shares of £1 each                | 4,730,000   | <u>4,730,000</u> | 4,730,000   | <u>4,730,000</u> |

## Notes to the financial statements

at 31 December 2015

### 17. Other financial commitments

The company had minimum lease payments under non –cancellable operating leases as set out below:

|   | 2015          | 2014          |
|---|---------------|---------------|
|   | £             | £             |
| Not later than one year                           | 7,563         | -             |
| Later than one year but not later than five years | 35,477        | 45,515        |
|   | <u>43,040</u> | <u>45,515</u> |

### 18. Related party transactions

The company is a wholly owned subsidiary of Nitto Kohki Co. Limited, the financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in section 33.1A of FRS 102 “Related Party Disclosures” from disclosing transactions with wholly owned members of the Nitto Kohki group. There were no other transactions involving related parties.

### 19. Ultimate parent undertaking and controlling party

In the opinion of the directors, the ultimate parent undertaking and controlling party is Nitto Kohki Co. Limited, a company incorporated in Japan. Copies of the group financial statements of Nitto Kohki Co. Limited, being the largest and smallest group for which group financial statements are produced, are available from Nitto Kohki Co. Limited, 9-4 Nakaikegami, 2 Chome, Ohta-ku, Tokyo, Japan.

### 20. First time adoption of FRS 102

|  | <i>Equity as at 1<br/>January 2014</i> | <i>Issue of share<br/>capital</i> | <i>Loss for the<br/>year ended 31<br/>December<br/>2014</i> | <i>Dividends<br/>paid 31<br/>December<br/>2014</i> | <i>Equity as at<br/>31 December<br/>2014</i> |
|--|--|-----------------------------------|---|--|--|
|  | £                                      | £                                 | £   | £  | £  |
| <b>As previously stated under<br/>former UK GAAP</b> | 2,289,810                              | 4,730,000                         | (2,457,796)   | (100,000)  | 4,462,014                                    |
| <b>Transitional adjustments</b>                      |  |                                   |   |  |  |
| Recognition of holiday pay                           | -                                      | -                                 | (6,257)   | -  | (6,257)                                      |
| <b>As stated in accordance<br/>with FRS 102</b>      | <u>2,289,810</u>                       | <u>4,730,000</u>                  | <u>(2,464,053)</u>  | <u>(100,000)</u>                                   | <u>4,455,757</u>                             |

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014.

The impact from the transition to FRS102 is as follows:

#### Holiday Pay Accrual

Under previous UK GAAP, the company did not accrue for holiday pay as employees were expected to take the carried forward holiday in the subsequent year. Under FRS102, the company is required to accrue for all short term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £6,257 and £14,820 for the company as at 1 January 2015 and 31 December 2015 respectively.