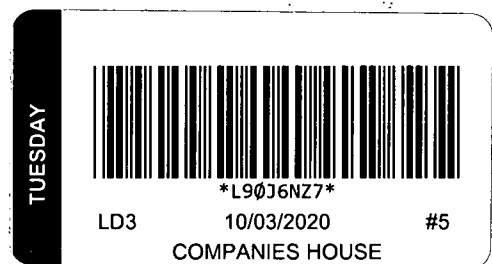


Furuno Leasing Limited
Annual report and financial statements
For the Year ended 31 December 2019

Registered number: 01743934



Furuno Leasing Limited

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Furuno Leasing Limited

Summary information

Directors

M Koike
S Ametani
K Kubo
J Williams
G Tomoshige (appointed 1 January 2020)
B Hardy (appointed 1 January 2020)
P King (appointed 1 January 2020)

Company Secretary

P King

Registered office

West Building
Penner Road
Havant
Hampshire
PO9 1QY

Bankers

Clydesdale Bank PLC
62 Union Street
Aberdeen
AB10 1WD

Independent auditor

Deloitte LLP
Statutory Auditor
Mountbatten House
Grosvenor Square
Southampton, United Kingdom
SO15 2BZ

Furuno Leasing Limited

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

The directors' report has been prepared in accordance with the special provision relating to small companies under section 417 of the Company Act 2006. The directors have also taken advantage of the small companies' exemption from preparing a strategic report.

Principal Activity

The principal activity of the Company is the leasing and maintenance of marine electronic equipment.

Directors

The directors who served during the entire year and up to the date of signing of the financial statements, unless otherwise stated, were as follows:

M Koike
S Ametani
K Kubo
J Williams
G Tomoshige (appointed 1 January 2020)
B Hardy (appointed 1 January 2020)
P King (appointed 1 January 2020)

All the directors were also directors of the parent undertaking, Furuno (UK) Limited.

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.

Going concern

As part of the Furuno group, the Company has considerable financial resources at its disposal together with long term contracts in its leasing operations with a number of customers across the marine sector. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Furuno Leasing Limited

Directors' Report (*continued*)

Auditor

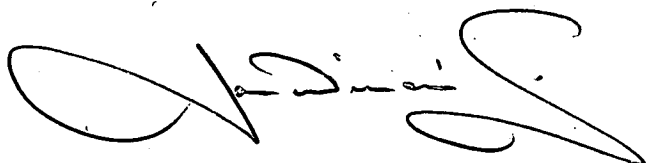
Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



J Williams
Director
9 March 2020
West Building, Penner Road, Havant, Hampshire, PO9 1QY

Furuno Leasing Limited

Directors' Responsibilities Statement

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 Leasing Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Furuno Leasing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Furuno Leasing Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Independent auditor's report to the members of Furuno Leasing Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.



Nicki Pickering, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Southampton, United Kingdom

9 March 2020

Furuno Leasing Limited
Income statement
For the year ended 31 December 2019

	Note	Year ended 2019 £	Year ended 2018 £
Revenue	4	2,258,829	2,105,455
Cost of sales		(1,165,699)	(1,176,854)
Gross profit		1,093,130	928,601
Operating Expenses		(641,870)	(623,032)
Operating profit		451,260	305,569
Interest receivable and similar income		2,605	3,409
Interest payable		(7,171)	-
Gains on sales of property, plant, equipment		235,766	46,405
Profit before taxation		682,460	355,383
Taxation	8	(125,736)	(67,050)
Profit for the financial year attributable to owners of the Company	5	556,724	288,333

All results are derived from continuing operations.

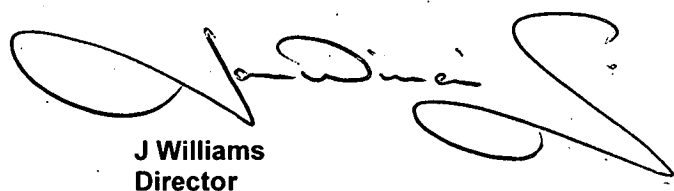
All gains and losses have been recognised in the income statement for both the current year and the prior year and as such represent Total Comprehensive Income of the Company.

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

Furuno Leasing Limited
Statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Non-current assets			
Property, plant and equipment	9	2,466,013	2,762,735
Deferred tax assets	11	-	64,273
		<u>2,466,013</u>	<u>2,827,008</u>
Current assets			
Trade and other receivables	10	1,047,061	536,210
Cash and cash equivalents		2	2
		<u>1,047,063</u>	<u>536,212</u>
Total assets		<u>3,513,076</u>	<u>3,363,220</u>
Current liabilities			
Trade and other payables	12	(990,103)	(1,382,844)
Current tax liabilities	12	-	(54,468)
		<u>(990,103)</u>	<u>(1,437,312)</u>
Non-current liabilities			
Accruals and deferred revenue	12	(25,419)	(45,694)
Deferred taxation	12	(60,618)	-
		<u>(86,037)</u>	<u>(45,694)</u>
Total liabilities		<u>(1,076,140)</u>	<u>(1,483,006)</u>
Net current assets/(liabilities)		<u>57,960</u>	<u>(901,100)</u>
Net assets		<u>2,436,936</u>	<u>1,880,212</u>
Equity			
Share capital	13	100,000	100,000
Retained earnings	14	2,336,936	1,780,212
Equity attributable to the company owners		<u>2,436,936</u>	<u>1,880,212</u>

The financial statements of Furuno Leasing Limited (registered number 01743934) were approved by the board of directors and authorised for issue on 9 March 2020. They were signed on its behalf by:



J Williams
Director

Furuno Leasing Limited
Statement of changes in equity
For the year ended 31 December 2019

Equity attributable to equity holders of the Company

	Note	Share Capital £	Retained Earnings £	Total £
Balance at 1 January 2018		100,000	9,491,879	9,591,879
Profit for the year		-	288,333	288,333
Dividend paid	12	-	(8,000,000)	(8,000,000)
Balance at 31 December 2018		100,000	1,780,212	1,880,212
Profit for the year		-	556,724	556,724
Balance at 31 December 2019		100,000	2,336,936	2,436,936

Furuno Leasing Limited

Notes to the financial statements

For the year ended 31 December 2019

1. General information

Furuno Leasing Limited (the Company) is a private company, limited by shares and incorporated in England, the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The principal activity of the Company and the nature of the Company's operations are set out in the directors' 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 Company operates.

These financial statements are separate financial statements. The Company's financial results are included in the group accounts of Furuno Electric Company Limited, a company incorporated in Japan. The group accounts of Furuno Electric Company Limited are available to the public and can be obtained as set out in note 17.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- (h) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- (i) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

Where relevant, equivalent disclosures have been given in the group accounts of Furuno Electric Company Limited.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Furuno Leasing Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (*Continued*)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFR 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

Going concern

The directors have, at the time of approving the financial statements, 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 financial statements. Further detail is contained in the Directors' report.

Current versus non-current classification

The Company 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 Company classifies all other liabilities as non-current.

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

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.

Furuno Leasing Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (*Continued*)

Maintenance income

Maintenance income from operating leases is recognised on a straight-line basis throughout the term of the contract.

Leases (Rental Income)

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 1. The details of accounting policies under IAS are disclosed separately if they are different from those under IFRS. This change of policy is applicable from 1 January 2019.

The Company as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of turnover. The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16.

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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of Financial Position 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 statement of Financial Position 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 statement of Financial Position 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 statement of Financial Position date. Deferred tax is charged or credited in the income statement.

Furuno Leasing Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company 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 Company 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 less their residual values over their useful lives, using the straight-line method, on the following basis:

Rental equipment	20% per annum
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The Company 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 accounted for as fixed assets within the Company.

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.

In order to better reflect the substance of depreciation on rental equipment within the income statement, the charge has been reallocated to cost of goods. Comparatives have been updated accordingly.

Impairment of tangible assets

At each Statement of Financial Position date, the Company 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). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

Furuno Leasing Limited

Notes to the financial statements

For the year ended 31 December 2019

2. Significant accounting policies (*Continued*)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of Financial Position when the Company 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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets consist of trade receivables, loans and other receivables that are held at amortised cost.

Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses "ECL" on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Furuno Leasing Limited
Notes to the financial statements
For the year ended 31 December 2019

2. Significant accounting policies (*Continued*)

Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable 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 Company's financial liabilities include payables. The Company has not entered into any derivative arrangements in the current or prior year.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, or cancelled. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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.

Critical judgements in applying the Company's accounting policies

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

During the period, there were no key assumptions concerning the future or 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.

Furuno Leasing Limited

Notes to the financial statements

For the year ended 31 December 2019

3. Adoption of new and revised Standards

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

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments	IFRS 3 Business Combinations IFRS 11 Joint Arrangements IAS 12 Income Taxes; and IAS 23 Borrowing Costs
Amendments to IAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement
IFRIC 23 Uncertainty over Income Tax Treatments	The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments.

Impact on introduction of IFRS16

In the current year, the Company has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 2. The impact of the adoption of IFRS 16 on the Company's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

The Company does not act as a lessee, so there is no impact on the financial statements in this regard.

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

The Directors have considered the definitions of finance and operating leases as a lessor, and there is no change in the underlying accounting from IAS 17 for the Company.

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3. Adoption of new and revised Standards (Continued)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not effective, or adopted by the EU, for the current reporting period (1 January 2019 to 31 December 2019):

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 17	Insurance Contracts
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>

The directors do not expect that the adoption of items listed above will have a material impact on the financial statements of the Company in future periods.

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4. Operating segments

Revenue and profit before taxation are derived wholly from the United Kingdom. The Company's revenues from its major products and services were as follows:

	2019	2018
	£	£
Rental income	1,962,213	1,805,842
Maintenance income	296,616	299,613
	<u>2,258,829</u>	<u>2,105,455</u>

5. Profit for the year

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

	Year ended	Year ended
	2019	2018
	£	£
Depreciation of property, plant and equipment	966,585	930,449
Profit on disposal of property, plant and equipment	<u>(235,766)</u>	<u>(46,405)</u>

6. Auditor's remuneration

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

	Year ended	Year ended
	2019	2018
	£	£
Total audit fees	<u>8,800</u>	<u>8,500</u>

No other fees payable to the Company's auditor for other services. No services were provided pursuant to contingent fee arrangements.

7. Staff costs

Apart from the directors, the Company has nil employees (2018: nil). All UK group employees are employed by the parent company, Furuno (UK) Limited. The directors are not remunerated for their activities through the Company.

Furuno Leasing Limited
Notes to the financial statements
For the year ended 31 December 2019

8. Tax

	Year ended 2019 £	Year ended 2018 £
Corporation tax:		
Current year	645	66,611
Prior years	200	-
Deferred tax (see note 11)	124,891	439
	<u>125,736</u>	<u>67,050</u>

Corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated taxable profit for the year. The applicable tax rate has changed following the substantive enactments of the Finance Act 2013.

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

	Year ended 2019 £	Year ended 2018 £
Profit before taxation	682,460	355,383
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	129,667	67,523
Effect of:		
Timing differences on fixed assets	(4,131)	(473)
Prior years	200	-
Tax expense for the year	<u>125,736</u>	<u>67,050</u>

The Finance Act 2016, which was substantively enacted on 19th September 2016, provides for a further reduction in the main rate of corporation tax to 17% from 1 April 2020. The rate reductions have been reflected in the calculation of the deferred tax balance at the balance sheet date.

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9. Property, plant and equipment

	Rental equipment £
Cost	
At 1 January 2018	5,585,581
Additions	1,505,942
Disposals	(1,038,351)
At 31 December 2018	6,053,172
Additions	1,150,905
Disposals	(1,657,662)
At 31 December 2019	5,546,415
Accumulated depreciation	
At 1 January 2018	3,314,580
Charge for the year	930,449
Eliminated on disposal	(954,592)
At 31 December 2018	3,290,437
Charge for the year	966,585
Eliminated on disposal	(1,176,620)
At 31 December 2019	3,080,402
Carrying amount	
At 31 December 2019	2,466,013
At 31 December 2018	2,762,735

10. Trade and other receivables

	2019 £	2018 £
Trade receivables	539,580	536,210
Receivable from parent company	482,012	-
Corporation tax	25,469	-
	<u>1,047,061</u>	<u>536,210</u>

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Under IFRS 9, the trade receivable provision has been based upon expected losses, rather than incurred losses totalling £nil (2018: £nil).

The amount receivable from the parent company is repayable on demand, incurs no interest, and is not secured against any assets of the company.

Furuno Leasing Limited
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11. Deferred tax

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

Deferred taxation movement for the year	£
Balance as at 1 January 2018 (asset)	64,712
Charged to income statement	(439)
Balance as at 31 December 2018 (asset)	64,273
Charged to income statement	(124,891)
Balance as at 31 December 2019 (liability)	(60,618)

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

	2019	2018
	£	£
Fixed Assets	(60,618)	64,273

12. Trade and other payables

	2019	2018
	£	£
Current		
Accruals	250,368	227,057
Payable to parent company	-	352,646
Deferred income	739,735	803,141
Trade and other payables	990,103	1,382,844
Corporation tax payable	-	54,468
	990,103	1,437,312
Non-current		
Accruals and deferred income	25,419	45,694
Deferred taxation	60,618	-
	86,037	45,694

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 60 days (2018: 60 days). For most suppliers no interest is charged on the trade payables; however, the Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The amount payable to the parent company is repayable on demand, incurs no interest, and is not secured against any assets of the company.

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

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13. Share capital

	2019 £	2018 £
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
Issued and fully paid:		
100,000 ordinary shares of £1 each	100,000	100,000

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

During the year, the Company paid a dividend of £nil (2018: £80) per share to its sole shareholder Furuno (UK) Limited totalling £nil (2018: £8,000,000). There is no proposed dividend as at 31 December 2019 (2018: £nil)

14. Retained earnings

	£
Balance as at 1 January 2018	9,491,879
Net profit for the year	288,333
Dividend paid	(8,000,000)
Balance as at 1 January 2019	1,780,212
Net profit for the year	556,724
Dividend paid	-
Balance as at 31 December 2019	2,336,936

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15. Operating lease arrangements

The Company as lessor

Operating lease income from marine electronic equipment earned during the year totalled £1,962,213 (2018: £1,805,842). Certain items of the Company's equipment held for rental purposes, with a carrying amount of £14,866, have been disposed of since the statement of Financial Position 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.

The most significant risk around the assets held under operating leases is misappropriation and damage to the asset itself. Close relationships with our leasing customers, coupled with good oversight and established practices minimise these risks to the Company.

The following table sets out a maturity analysis of lease payments on current contracts, showing the undiscounted lease payments receivable after the reporting date:

	2019 £	2018 £
Within one year	1,455,781	1,627,010
One to two years	1,140,735	1,391,267
Two to three years	903,680	891,749
Three to four years	573,914	592,779
Four to five years	198,217	268,520
More than five years	-	-
Total undiscounted lease payments	<u>4,272,327</u>	<u>4,771,325</u>

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16 Financial Instruments

Categories of financial instruments

Company

	2019 £	2018 £
Financial assets		
Cash and cash equivalents	2	2
Loans and receivables	1,021,592	536,210
Financial liabilities		
Held at amortised cost	1,015,522	1,483,006

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

Reclassification of financial assets

The Company 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 Company'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 10.

Financial risk management objectives

The Company's principal financial liabilities comprise of trade and other payables. The Company's principal financial assets are trade and other receivables and cash and cash equivalents. Both financial liabilities and assets are derived directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's Board of Directors and senior managers oversee the management of these risks. All transactions engaged in by the Company are in Pounds Sterling; therefore, the Company has no exposure to foreign currency risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Capital risk management

The Company defines its capital as the total equity. Its objectives when managing capital are to safeguard the Company'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 Company to invest in areas that may deliver future benefit to investors and maintain sufficient financial resources to mitigate risks and unforeseen events.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debts.

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

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16 Financial Instruments (continued)

Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's principal financial assets are bank balances and cash, trade and other receivables and operating lease receivables.

The Company's credit risk is primarily attributable to its trade and operating lease receivables. The amounts presented in the statement of Financial Position 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.

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

Liquidity risk management

The Company does not hold any long or short-term debt finance. The liquidity risk is managed by the parent Company Furuno (UK) Limited 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.

17. 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, or via the company's website at <https://www.furuno.co.jp/en/corporate/management/annualreport.html>. The company's registered office is at 9-52 Ashihara-cho, Nishinomiya City, Hyogo. 662-8580, Japan.

The immediate 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, Cardiff, CF14 3UZ. The company's registered office is at West Building, Penner Road, Havant, Hampshire PO9 1QY.

18. Subsequent Events

There have been no significant events since the balance sheet date until the date of this report.