

**Fuji Seal Europe Limited**

**Annual Report and Financial Statements**

**for the year ended 31 December 2015**

Registered number: No. 02011406



Final draft 3.2.17 LC

# **Fuji Seal Europe Limited**

## **Annual report and financial statements for the year ended 31 December 2015**

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# **Fuji Seal Europe Limited**

## **Annual report and financial statements for the year ended 31 December 2015**

### **Officers and professional advisers**

#### **Directors**

Fuji Seal B.V.  
Mr Y. Sakaguchi

#### **Registered Office**

Scimitar Close  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0RJ

#### **Bankers**

HSBC Bank Plc  
231 High Street  
Chatham  
Kent  
ME4 4BQ

BTMU London Office  
Ropemaker Place  
25 Ropemaker Street  
London  
EC2Y-9AN UK

#### **Solicitors**

Hamblins LLP  
Roxburghe House  
273-287 Regent Street  
London  
W1B 2AD

#### **Independent auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Crawley  
United Kingdom

# Fuji Seal Europe Limited

## Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Review of the business

Fuji Seal Europe, Ltd ("FSE-Ltd" and "the company") manufactures packaging material and distributes primarily to group companies in France and Poland.

The results for the company show a pre-tax loss of £4,472,301 (2014 pre-tax loss: £442,237), and sales of £33,849,095 (2014: £34,028,913). The net assets of the company as at 31 December 2015 were £10,861,519 (2014: £14,907,912).

Turnover decreased by £179,818 in 2015 compared to 2014 (-0.5%). Furthermore, cost of sales increased by £4,495,758 compared to last year, which was mainly caused by higher material costs, higher inward freight costs and higher subcontracting costs as a result of the fire incident in Poland end of 2014. Administrative expenses were lower in 2015 compared to last year as a result of the full year benefits of centralising support services in Europe

### Key performance indicators

Key operating performance indicators include print running ratio (total print running time / total shift time) and scrap ratio (total scrapped film meters / total supplied film meters). These KPI's are used to track operational efficiency. Furthermore, On Time in Full delivery (OTIF, the amount of orders delivered on time and according to customer ordered quantities) is used to monitor delivery performance. The main KPI to track financial performance is Operating Profit.

	2015 £	2014 £
Operating Profit	<u>(4,339,300)</u>	<u>(392,487)</u>

### Future developments

In December 2014, the Fuji Seal plant in Poland was extensively damaged by a fire. The site became fully operational in Q1 2016. Maintaining our service levels to our customers remains Fuji Seal Europe's primary objective for 2016. As for future years, we expect the market to remain competitive. As our group objective is to be the leader in the market, we will develop new products and enhance our speed and competitiveness through strengthening our group network. With support from our parent company, we will develop and cultivate more business opportunities and orders in the coming years, from multi-national companies, to provide a total packaging solution.

### Going concern

The company has adequate financial resources together with relationships with group companies 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 and the recovery of the fire incident in Poland.

## Fuji Seal Europe Limited

### Strategic report (continued)

The directors are of the view that the company and the group it belongs to have adequate resources to continue in operational existence for the foreseeable future. The directors have reviewed the going concern status of the company by considering the cash and the intercompany balance position of the company as at 31 December 2015, the anticipated level of trading activity and the continued availability of funding from group companies. The directors have concluded that the going concern basis should be used in the preparation of the financial statements.

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

#### Financial risk management objectives and policies

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company relate to competition, material prices and exchange rates.

The company's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

#### *Cash flow risk*

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

#### *Credit risk*

The company's principal financial assets are bank balances and cash, amounts owed by group undertakings and other receivables. The company has a concentration of credit risk with the French group company.

Intercompany balances are re-paid on a monthly basis in line with credit terms of 30 days from end of the month in which invoice is raised. It is not envisaged that the parent company or other fellow subsidiaries will demand payment of the intercompany balances any earlier than the agreed terms. These credit terms are in line with terms normally expected from other third party suppliers.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, the company use group pooling facilities. Facilities available are reviewed annually and are partly parent guaranteed.

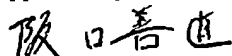
The company finances its operations through cash and intercompany balances.

As at 31 December 2015, the company had cash balances of £395,334 (2014: £476,359), amounts owed by fellow group companies of £1,932,156 (2014: £4,478,118) and amounts due to fellow group companies of £9,625,564 (2014: £2,729,210).

#### *Price risk*

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

Approved by the Board and signed on its behalf by:



Mr. Y. Sakaguchi

Director Fuji Seal Europe Limited

February 3, 2017

#### Registered Office:

Scimitar Close  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0RJ

# Fuji Seal Europe Limited

## Directors' report

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

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review, which forms part of the Strategic Report.

The Financial risk management objectives and policies set out the company's objectives, policies and processes for managing its capital: its financial risk management's objectives; details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk, forms part of the Strategic Report.

### Principal activity

The principal activity of the company is the production and sale of shrink wrap seals and shrink labels.

### Future developments

Details of future development can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

### Existence of branches outside the UK

The company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

### Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

### Directors

The directors who served throughout the year and subsequent to year end were as follows:

Mr. R. Furusawa, appointed 25 June 2014, resigned 1 March 2016

Mr. H. Okazaki, appointed 25 June 2008, resigned 22 June 2015

Mr. S. Ueda, appointed 22 June 2015, resigned 1 March 2016

Mr. Y. Sakaguchi, appointed 1 March 2016

Fuji Seal B.V., appointed 1 March 2016

### Auditor

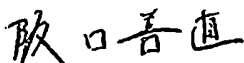
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) 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 of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Mr. Y. Sakaguchi  
Director Fuji Seal Europe Limited

February 3, 2017

## **Fuji Seal Europe 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of Fuji Seal Europe Limited**

We have audited the financial statements of Fuji Seal Europe Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. 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 in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

### **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.



William Farren FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Crawley, United Kingdom

3 February, 2017

## Fuji Seal Europe Limited

### Profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014 £
<b>Turnover</b>	3	33,849,095	34,028,913
<b>Cost of sales</b>		(35,424,956)	(30,929,198)
<b>Gross profit</b>		(1,575,861)	3,099,715
<b>Administrative expenses</b>		(2,763,439)	(3,492,202)
<b>Operating loss</b>		(4,339,300)	(392,487)
Interest receivable and similar income	5	107	1,417
Interest payable and similar charges	5	(133,108)	(51,167)
<b>Finance costs (net)</b>	5	(133,001)	(49,750)
<b>Loss on ordinary activities before taxation</b>	6	(4,472,301)	(442,237)
<b>Tax credit on loss on ordinary activities</b>	7	425,908	38,225
<b>Loss for the financial year</b>	14	(4,046,393)	(404,012)

All the results derive from continuing operations.

There are no items of other comprehensive income for the current and preceding financial year. Therefore no separate statement of comprehensive income has been presented.

The notes on pages 10 - 19 form part of the financial statements.

# Fuji Seal Europe Limited

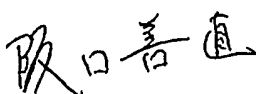
## Balance sheet At 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	<u>11,913,973</u>	<u>13,002,612</u>
<b>Current assets</b>			
Stocks	9	3,114,014	2,849,042
Debtors	10	8,214,365	4,778,918
Cash at bank and in hand		<u>395,334</u>	<u>476,359</u>
		11,723,713	8,104,319
<b>Creditors: amounts falling due within one year</b>	11	<u>(12,776,167)</u>	<u>(5,773,111)</u>
<b>Net current assets</b>		<u>(1,052,454)</u>	<u>2,331,208</u>
<b>Provisions for deferred tax liabilities</b>	12	-	<u>(425,908)</u>
<b>Net assets</b>		<u>10,861,519</u>	<u>14,907,912</u>
<b>Capital and reserves</b>			
Called up share capital	13	24,500,000	24,500,000
Profit and loss account (deficit)	14	<u>(13,638,481)</u>	<u>(9,592,088)</u>
<b>Shareholders' funds</b>		<u>10,861,519</u>	<u>14,907,912</u>

The notes on pages 10 - 19 form part of the financial statements.

The financial statements of Fuji Seal Europe Limited (registered number 02011406) were approved by the Board of Directors and authorised for issue February 3, 2017

They were signed on its behalf by:



Mr. Y. Sakaguchi.

Director Fuji Seal Europe Limited

## **Fuji Seal Europe Limited**

### **Statement of changes in equity At 31 December 2015**

	<b>Called-up share Capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 31 December 2014 as previously stated	24,500,000	(9,592,088)	14,907,912
Changes on transition to FRS 102 (see note 19)	-	-	-
At 1 January 2015 as restated	24,500,000	(9,592,088)	14,907,912
Profit for the financial year	-	(4,046,393)	(4,046,393)
<b>Total comprehensive income at 31 December 2015</b>	<b>24,500,000</b>	<b>(13,638,481)</b>	<b>10,861,519</b>

# Fuji Seal Europe Limited

## Notes to the financial statements For the year ended 31 December 2015

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### General information and basis of accounting

Fuji Seal Europe Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Fuji Seal Europe Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Fuji Seal Europe Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Fuji Seal Europe Limited is consolidated in the financial statements of its parent, Fuji Seal International, which may be obtained at [www.fujiseal.com](http://www.fujiseal.com). Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### Going concern

The directors have reviewed the going concern status of the company by considering the cash and the intercompany balance position of the company as at 31 December 2015, the anticipated level of trading activity and the continued availability of funding from group companies and banks. The directors have concluded that the going concern basis should be used in the preparation of the financial statements. Further details of this review are given in the Strategic Report.

Having regard to the above, the directors are of the opinion that, at the time of approving the financial statements, there is a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of signing. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Turnover is recognised at the point the goods are despatched to the customer and/or in accordance with the agreed sales terms.

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets except freehold land. The rates of depreciation are as follows:

Freehold property	2% Straight line
Leasehold property	2% Straight line
Plant and machinery	5% - 33% Straight line
Fixtures, fittings and equipment	15% Straight line
Motor vehicles	25% Straight line

No depreciation is provided on assets in the course of construction.

# **Fuji Seal Europe Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2015**

### **1. Accounting policies (continued)**

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Exchange differences are reflected in the profit and loss account.

#### **Leases**

Operating lease rentals are charged to income in equal annual amounts over the lease term.

#### **Pension costs**

The company has a pension plan (defined contribution scheme) available to all employees (see note 15). The amount of any contributions payable in respect of the accounting period are charged to the profit and loss account. Any outstanding or prepaid contributions at the balance sheet date are shown as liabilities or assets respectively.

#### **Financial instruments**

##### **Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### **Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## Fuji Seal Europe Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 2. Critical accounting judgements and key sources of estimation uncertainty

##### Key sources of estimation uncertainty

The application of the Company's accounting policies in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions.

These estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company evaluates these estimates and judgments on an ongoing basis and base our estimates on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. The Company revises material estimates if changes occur in the circumstances or there is new information or experience on which an estimate was or can be based.

The areas where the most significant judgments and estimates are made are deferred tax asset recoverability, impairments, financial instruments, the accounting for an arrangement containing a lease, revenue recognition, other provisions, uncertain tax positions and other contingencies.

##### Recognition of deferred tax assets

A deferred tax asset is recognised for unused tax losses, tax credits and deductible timing differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

##### Critical accounting judgements in applying the Company's accounting policies

Certain critical accounting judgements (apart from those involving estimations included above) in applying the Company's accounting policies are described below.

Lease classification is determined from a review of the lease arrangements held by the Company and in particular the classification between finance and operating leases.

#### 3. Turnover and revenue

The total turnover of the company for the year has been derived from its principal activity.

	2015 £	2014 £
The geographical analysis of the company's turnover by destination is as follows:		
United Kingdom	17,861	14,502
Rest of Europe	33,831,234	34,014,411
	<u>33,849,095</u>	<u>34,028,913</u>

An analysis of the Company's turnover is as follows:

	2015 £	2014 £
Sale of goods	33,849,095	34,028,913
	<u>33,849,095</u>	<u>34,028,913</u>

## Fuji Seal Europe Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2015

#### 4. Information regarding directors and employees

	2015 £	2014 £
Directors' remuneration		
The directors' aggregate emoluments in respect of qualifying services were:		
Aggregate emoluments	-	135,699

	2015 No.	2014 No.
Average number of persons (including executive directors) employed by the company during the year was:		
Production and selling	178	174
Administration	26	28
	204	202

	£	£
Staff costs (including executive directors)		
Wages and salaries	6,372,034	6,279,611
Social security costs	605,656	606,396
Other pension costs (see note 15)	216,670	200,942
	7,194,360	7,086,949

#### 5. Finance costs (net)

	2015 £	2014 £
Interest receivable and similar income		
Bank and intercompany pooling interest	107	1,417
Interest payable and similar charges		
Bank and intercompany pooling interest	(133,108)	(51,167)
	(133,001)	(49,750)

## Fuji Seal Europe Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 6. Loss on ordinary activities before taxation

	2015 £	2014 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	1,976,138	2,081,951
Loss on disposal of tangible assets	245,328	213
Operating lease charges:		
Other operating leases	122,089	138,355
Foreign exchange loss	819,965	371,212

The analysis of auditor's remuneration is as follows:  
Fees payable to the company's auditor for the audit of the company's annual financial statements

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	41,744	36,380

#### Total audit fees

Total audit fees	41,744	36,380
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#### Other services:

##### - Tax services

- Tax services	10,120	10,600
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#### Total non-audit fees

Total non-audit fees	10,120	10,600
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#### 7. Tax on loss

##### The tax charge comprises:

	2015 £	2014 £
Current tax on loss		
Current year tax charge	-	-
Adjustment in respect of previous periods	-	(345)
Total current tax	-	(345)

##### Deferred tax

Origination and reversal of timing differences  
Adjustment in respect of prior years

Origination and reversal of timing differences	212,674	47,118
Adjustment in respect of prior years	213,234	(8,548)

#### Total deferred tax (Note 12)

Total deferred tax (Note 12)	425,908	38,570
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#### Tax credit on loss on ordinary activities

Tax credit on loss on ordinary activities	425,908	38,225
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## Fuji Seal Europe Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 7. Tax on loss (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2015 £	2014 £
Loss before taxation	(4,472,301)	(442,237)
Tax on loss at standard UK corporation tax rate of 20% (2014 – 20%)	894,460	88,447
Effects of:		
Disallowed expenses and non-taxable income	(53,860)	(41,352)
Utilisation of tax losses	(227,028)	23
Losses	(400,898)	-
Adjustments to tax charge in respect of previous periods	213,234	(8,893)
Tax credit on loss on ordinary activities	425,908	38,225

#### 8. Tangible fixed assets

	Construction work in progress £	Land and buildings		Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
		Freehold property £	Leasehold property £				
Cost							
At 1 January 2015	104,190	3,204,084	3,977,394	34,655,208	727,190	18,864	42,686,930
Additions	18,440	-	-	1,052,628	61,758	-	1,132,826
Transfer	(63,190)	-	-	63,190	-	-	-
Disposals	-	-	-	(1,077,051)	-	-	(1,077,051)
At 31 December 2015	59,440	3,204,084	3,977,394	34,693,975	788,948	18,864	42,742,705
Accumulated depreciation							
At 1 January 2015	-	583,373	1,941,132	26,594,331	548,398	17,083	29,684,317
Charge for the year	-	130,313	28,138	1,789,402	27,394	891	1,976,138
Disposals	-	-	-	(831,723)	-	-	(831,723)
At 31 December 2015	-	713,686	1,969,270	27,552,010	575,792	17,974	30,828,732
Net book value							
At 31 December 2015	59,440	2,490,398	2,008,124	7,141,965	213,156	890	11,913,973
At 31 December 2014	104,190	2,620,711	2,036,262	8,060,877	178,792	1,781	13,002,612

Included in freehold land and buildings is land of £456,944 (2014: £456,944) that is not depreciated.

# **Fuji Seal Europe Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2015**

### **9. Stocks**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Raw materials	1,935,852	1,569,657
Work in progress	96,193	85,018
Finished goods	1,081,969	1,194,367
	<u>3,114,014</u>	<u>2,849,042</u>

### **10. Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	1,932,156	4,478,118
Other debtors	5,881,798	135,901
Prepayments	400,411	164,899
	<u>8,214,365</u>	<u>4,778,918</u>

Amounts owed by group company undertakings are unsecured, bear interest daily at market rate plus margin, and have no fixed date of repayment.

### **11. Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Parent company and group company loans	8,947,008	2,276,891
Trade creditors	863,465	698,740
Amounts owed to group undertakings	678,556	452,319
Other taxes and social security	556,978	190,922
Other creditors	50,409	420,627
Accruals	1,679,751	1,733,612
	<u>12,776,167</u>	<u>5,773,111</u>

## Fuji Seal Europe Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 12. Provisions for liabilities

	Balance at 1 January 2015 £	Credited to profit and loss account £	Balance at 31 December 2015 £
Deferred taxation			
Deferred taxation	(425,908)	425,908	-

The amount of deferred taxation is as follows:

	2015 £	2014 £
Fixed asset timing differences	-	(530,724)
Short term timing differences	(1,068)	3,451
Tax losses	1,068	101,365
	-	(425,908)

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. The reduction of the corporation tax main rate to 17% (replacing the previously enacted 18% rate) was enacted in September 2016 and applies from 1 April 2020. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Finance Act 2013, which provides for a reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

#### 13. Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid: 24,500,000 (2014: 24,500,000) ordinary shares of £1 each	24,500,000	24,500,000

#### 14. Profit and loss account deficit

	£
At 1 January 2015	(9,592,088)
Loss for the financial year	(4,046,393)
At 31 December 2015	(13,638,481)

## Fuji Seal Europe Limited

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 15. Pension commitments

The company operates a group personal pension scheme. The pension charge for the year represents contributions payable by the company to the fund and amounted to £216,670 (2014: £200,942). Pension contributions accrued (over paid) at the end of the year were (£6,284) (2014: £29,698).

#### 16. Financial commitments

At 31 December 2015, the company had total future minimum lease payments under non-cancellable operating leases for assets other than land and buildings expiring as follows:

	2015 £	2014 £
Leases which expire:		
Within one year	86,305	134,492
Within two to five years	99,697	115,762
	<u>186,002</u>	<u>250,254</u>

#### 17. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 not to disclose transactions with key management personnel and with other members of the Fuji Seal International Group where the parties to the transaction are wholly-owned members of the Group. There were no other related party transactions.

#### 18. Ultimate parent undertaking and controlling entity

The company is wholly owned by Fuji Seal B.V. as immediate parent company, a company incorporated in Netherlands and Fuji Seal International Inc., a company incorporated in Japan as ultimate controlling parent company.

The directors regard Fuji Seal International Inc. as the ultimate parent undertaking and controlling party. Copies of Fuji Seal Inc.'s consolidated financial statements, which is the smallest and largest group preparing consolidated financial statements that includes this company's results, can be obtained from 1-9, 4-chome, Miyahara, Yodogawa-ku, Osaka City, Osaka, Japan, 532-0003.

#### 19. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, no adjustments to previously reported figures were required.