

Sanko Gosei UK Limited

Annual report and financial statements

Registered number 2159382

31 May 2018



CONTENTS

Strategic Report	1
Directors' report	2
Statement of directors' responsibilities in respect of the annual report and the financial statements	3
Independent auditors report to the members of Sanko Gosei UK Limited	4
Profit and Loss Account	6
Balance sheet	7
Statement of Changes in Equity	8
Notes	9

Strategic Report

Review of the Business

The principal activities of the business are the manufacture of plastic injection moulded parts for the automotive industry.

Objectives

The company's objectives are to continue to increase the turnover and profitability of the business and provide a good return to its shareholder.

Strategy

The automotive industry in the UK continues to be performing reasonably well. The company has seen its turnover increase again as a result of new business and will work to continue to increase its share of the market by widening its customer base and by focussing on improvements within the business. The company is investing widely in new equipment to facilitate this change. The company will continue to grow the turnover from its branch in Hungary by working with other customers in that region.

Principal risks and uncertainties

Whilst the automotive industry in the UK is doing reasonably well at the moment, there is still uncertainty in the European market, especially after the UK's decision to leave the EU. OEM's are also reducing production of diesel cars after Government announcements to restrict the number of diesel cars on the road. The company also transacts a considerable amount of its business in Euro and the decline of the value of the British Pound against the Euro may have an adverse effect on the company in the future.

Performance during the year

The turnover of the UK business has increased due to the introduction of new business with existing customers. The increase in business has in turn led to an increase in headcount, but production improvements have enabled the company to keep overheads under control. The company continues to invest in new machinery and equipment in order to meet the increased demand and the UK plant has been extended to increase the amount of available space. The branch in Hungary continues to perform well.

Position at the end of the year

The company expects turnover to remain at current levels in the next financial year. The company has worked hard to improve its operations and continues to embrace the philosophy of continuous improvement.

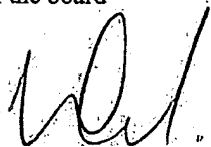
Key performance indicators

The directors monitor the performance of the company against an annual budget, monitoring key performance indicators to ensure they are within acceptable parameters. Indicators include:

- Gross margins
- Operating Profit %
- Headcount v. Plan
- Capital expenditure v. Plan

By order of the board

W Ash
Director



15-17 Seddon Place
Stanley Industrial Estate
Skelmersdale
Lancashire
WN8 8EB

Date: 14/2/2019

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2018.

Principal activities

The company is engaged in the manufacture of plastic mouldings for the automotive industry.

Going Concern

The financial statements have been prepared on a going concern basis (see note 1 for further detail).

Proposed dividend

The directors recommend the payment of a dividend of £1,800,000 (2017: £1,830,000).

Directors and directors' interests

The directors who served during the year were as follows:

H Aoki
W Ash
J Harris (resigned 09.10.2018)
A Kusumi
T Shibata
Y Shibata
LP Tabner
D Hughes (appointed 01.10.2017)
Y Sawada (appointed 01.06.2017)

None of the directors who held office at the beginning or end of the financial year had any disclosable interest in the shares of the company.

Political and charitable contributions

The company made no political or charitable contributions during the current or prior year.

Disclosure of information to auditor

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

Auditor

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

By order of the board

W Ash
Director



15-17 Seddon Place
Stanley Industrial Estate
Skelmersdale
Lancashire
WN8 8EB

Date: 14/2/2019

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors report to the members of Sanko Gosei UK Limited

Opinion

We have audited the financial statements of Sanko Gosei UK Limited (“the company”) for the year ended 31 May 2018 which comprise the profit and loss account, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of tangible fixed assets and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group’s future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model, including the impact of Brexit, and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the company will continue in operation.

Independent auditors report to the members of Sanko Gosei UK Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

14th February 2019.

Profit and Loss Account
for year ended 31 May 2018

	<i>Note</i>	2018 £	2017 £
Turnover	2	52,609,907	49,707,877
Cost of sales		(44,967,373)	(43,407,045)
		<hr/>	<hr/>
Gross profit		7,642,534	6,300,832
Administrative expenses		(2,943,313)	(2,419,255)
		<hr/>	<hr/>
		4,699,221	3,881,577
Other operating income		120,479	117,421
		<hr/>	<hr/>
Operating profit	3	4,819,700	3,998,998
Interest receivable and similar income	6	18,573	77,524
Interest payable and similar charges	7	(223,296)	(75,158)
		<hr/>	<hr/>
Profit before taxation		4,614,977	4,001,364
Tax on profit	8	(900,147)	(744,718)
		<hr/>	<hr/>
Profit after taxation		3,714,830	3,256,646
		<hr/>	<hr/>

The company has no other comprehensive income in either the current or preceding year; hence a statement of other comprehensive income has not been presented.

All results above are in respect of continuing operations.

The notes on pages 9 to 19 form part of these financial statements.

Balance sheet
at 31 May 2018

	Note	2018	2017
		£	£
Fixed assets			
Intangible assets	9	21,945	36,860
Tangible assets	10	8,929,208	6,839,752
		<u>8,951,153</u>	<u>6,876,612</u>
Current assets			
Stocks	11	1,463,949	1,692,773
Debtors	12	14,226,402	10,808,756
Cash at bank and in hand		8,696,655	6,716,178
		<u>24,387,006</u>	<u>19,217,707</u>
Creditors: amounts falling due within one year	13	(19,652,749)	(16,354,100)
Net current assets		<u>4,734,257</u>	<u>2,863,607</u>
Total assets less current liabilities		<u>13,685,410</u>	<u>9,740,219</u>
Creditors: amounts falling due after more than one year	14	(1,236,714)	(1,006,353)
Net assets		<u>12,448,696</u>	<u>8,733,866</u>
Capital and reserves			
Called up share capital	19	6,000,000	4,170,000
Profit and loss account		6,448,696	4,563,866
Shareholders' funds		<u>12,448,696</u>	<u>8,733,866</u>

The notes on pages 9 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 14/2/2019 and were signed on its behalf by:

W Ash
Director



Company registered number: 2159382

Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 June 2017	4,170,000	4,563,866	6,903,866
Total comprehensive income for the period			
Profit or loss	-	3,714,830	3,714,830
Total comprehensive income for the period	-	3,714,830	3,714,830
Issue of shares	1,830,000	-	1,830,000
Dividends	-	(1,830,000)	-
Balance at 31 May 2018	6,000,000	6,448,696	12,448,696
Set aside for dividends declared after the reporting period		1,800,000	1,800,000
Total		4,648,696	10,648,696

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 June 2016	4,170,000	2,207,220	6,377,220
Total comprehensive income for the period			
Profit or loss	-	3,256,646	3,256,646
Total comprehensive income for the period	-	3,256,646	3,256,646
Dividends	-	(900,000)	(900,000)
Balance at 31 May 2017	4,170,000	4,563,866	8,733,866
Set aside for dividends declared after the reporting period		(1,830,000)	(1,830,000)
Total		2,733,866	6,903,866

The notes on pages 9 to 19 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Sanko Gosei UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 2159382 and the registered office is 15-17 Seddon Place, Stanley Industrial Estate, Skelmersdale, Lancashire, WN8 8EB, England.

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

The Company's ultimate parent undertaking, Sanko Gosei Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Sanko Gosei Limited are Generally Accepted Accounting Principles in Japan (Japanese GAAP) available to the public and may be obtained from 1200 Habushin Nanto-City, Toyama, Japan. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Sanko Gosei Japan include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Going Concern

At 31 May 2018 the Company has net assets of £12,448,696, net current assets of £4,734,257 and cash holding of £8,696,655. The directors consider the going concern assumption appropriate based on forecasts and budgets prepared.

1.2 Intangible fixed assets and amortisation

Tooling development expenditure is written off to the profit and loss account, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period in which the company is expected to benefit, generally when production begins. This period is three years.

Notes (continued)

1 Accounting policies (continued)

1.3 Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their useful economic lives according to the following policies:

Freehold buildings	-	by equal instalments over 25 years
Plant and machinery	-	20% to 25% reducing balance
Fixtures and fittings:		
Design and moulding equipment	-	25% reducing balance
Office equipment, computers and stillages	-	by equal instalments over 2 to 8 years

No depreciation is provided on freehold land.

1.4 Impairment excluding inventories

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account

1.5 Basic 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.

1.6 Other financial instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

1.8 Foreign currencies

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

1.9 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Notes (continued)

1 Accounting policies (continued)

1.10 Expenses

Operating lease

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.11 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date

1.13 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of moulded goods to customers, recorded at point of despatch.

1.14 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

2 Turnover

	2018 £	2017 £
<i>By geographical market</i>		
United Kingdom	33,593,365	32,611,708
Rest of EU	18,722,101	17,090,508
Far East	294,441	5,661
	<u>52,609,907</u>	<u>49,707,877</u>

3 Expenses and auditor remuneration

	2018 £	2017 £
<i>Included in profit are the following</i>		
Auditor's remuneration:		
Audit of these financial statements	24,000	22,500
Depreciation of tangible fixed assets	1,700,283	1,657,720
Hire of other assets - operating leases	117,343	82,673
Amortisation of intangible assets	14,915	64,638
Profit / (loss) on sale of assets	7,917	1,390
	<u> </u>	<u> </u>
<i>after crediting</i>		
Government grants	8,789	11,422
	<u> </u>	<u> </u>

4 Remuneration of directors

	2018 £	2017 £
Directors' emoluments	140,506	95,088
Company contributions to money purchase pension schemes	9,024	6,624
	<u>149,530</u>	<u>101,712</u>

Retirement benefits are accruing to 3 (2017: 2) directors under a money purchase pension scheme.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Administration	25	27
Production	250	216
	<u>275</u>	<u>243</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	6,719,431	6,116,487
Social security costs	625,384	577,993
Other pension costs	193,762	181,837
	<u>7,538,577</u>	<u>6,876,317</u>

6 Other interest receivable and similar income

	2018	2017
	£	£
Net foreign exchange gain	-	61,569
Bank interest	18,573	15,955
	<u>18,573</u>	<u>77,524</u>

7 Interest payable and similar charges

	2018	2017
	£	£
On external bank loan	65,365	32,478
Finance charges	20,128	42,680
Net foreign exchange loss	28,799	-
Net loss on financial liabilities measured at fair value through profit and loss	109,004	-
	<u>223,296</u>	<u>75,158</u>

Notes (continued)

8 Taxation

	2018 £	2017 £
<i>Current tax</i>		
UK corporation tax on profits for the year	906,409	854,429
Adjustments in respect of previous periods	5,754	(68,424)
Overseas taxation	-	12,145
Total current tax	912,163	798,150
<i>Deferred tax (see note 18)</i>		
Origination and reversal of timing differences	(10,235)	(42,516)
Adjustment in respect of previous periods	(1,781)	(10,916)
	(12,016)	(53,432)
Total Tax	900,147	744,718
<i>Reconciliation of effective tax rate</i>		
	2018 £	2017 £
Profit for the year	3,714,830	3,256,646
Total tax expense	900,147	744,718
Profit excluding taxation	4,614,977	4,001,364
Tax using the UK corporation tax rate of 19% (2017: 19.83%)	876,846	793,470
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,646	790
Differences between capital allowances and depreciation	14,148	12,833
Other income not taxable	(1,670)	(2,265)
Adjustments in respect of prior periods – current tax	5,754	(68,424)
Adjustments in respect of prior periods – deferred tax	(1,781)	1,584
Reduction in deferred tax rate	1,204	(5,415)
Unrelieved foreign tax	-	12,145
Total tax expense included in profit or loss	900,147	744,718

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2017) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2018) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2017. This will reduce any future current tax charge accordingly.

Notes (continued)

9 Intangible fixed assets

	Development costs £
Cost	
At beginning of year	2,390,650
Additions	-
At end of year	2,390,650
Amortisation	
At beginning of year	2,353,790
Charge for the year	14,915
At end of year	2,368,705
Net book value	
At 31 May 2018	21,945
At 31 May 2017	36,860

The costs relate to the development of tools for resale. The additions will be written off over three years, starting in the year that production commenced.

10 Tangible fixed assets

	Assets under Construction	Freehold Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£	£	£	£	£
Cost					
At beginning of year	137,000	5,651,430	14,471,722	5,244,632	25,504,784
Additions	-	1,320,487	2,385,409	244,474	3,950,370
Disposals	-	-	(76,012)	-	(76,012)
Transfer	(133,447)	-	-	-	(133,447)
At end of year	3,553	6,971,917	16,781,119	5,489,106	29,245,695
Depreciation					
At beginning of year	-	4,153,074	9,748,554	4,763,404	18,665,032
Charge for year	-	169,626	1,290,120	240,537	1,700,283
Disposals	-	-	(48,828)	-	(48,828)
At end of year	-	4,322,700	10,989,846	5,003,941	20,316,487
Net book value					
At 31 May 2018	3,553	2,649,217	5,791,273	485,165	8,929,208
At 31 May 2017	137,000	1,498,356	4,723,168	481,228	6,839,752

Notes (continued)

10 Tangible fixed assets (continued)

As at 31 May 2018, the gross value of plant and machinery held under hire purchase agreements was £525,260 (2017: £1,301,069). Depreciation charged to the financial statements on these assets in the period was £58,948 (2017: £140,664).

11 Stocks

	2018 £	2017 £
Raw materials and consumables	1,033,903	1,231,395
Work in progress	122,252	204,444
Finished goods and goods for resale	307,794	256,934
	<u>1,463,949</u>	<u>1,692,773</u>

12 Debtors

	2018 £	2017 £
Trade debtors	9,085,038	8,546,614
Amounts owed by group undertakings	3,015,664	4,482
Other debtors	1,846,010	2,095,203
Prepayments and accrued income	279,690	162,457
	<u>14,226,402</u>	<u>10,808,756</u>

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	1,671,430	442,929
Trade creditors	6,029,257	6,179,361
Amounts owed to group undertakings	6,668,053	4,574,529
Corporation tax	486,699	482,780
Other taxation and social security	2,288,977	2,614,146
Other creditors	525,402	827,169
Accruals and deferred income	1,752,711	1,107,510
Finance lease liabilities	121,216	125,676
Other financial liabilities (see note 17)	109,004	-
	<u>19,652,749</u>	<u>16,354,100</u>

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Accruals and deferred income	124,390	133,180
Bank loans	-	171,430
Finance lease liabilities	-	121,216
Trade Creditors	954,354	410,541
Deferred tax (note 18)	157,970	169,986
	<u>1,236,714</u>	<u>1,006,353</u>

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2018 £	2017 £
Creditors falling due within less than one year		
Bank loans	1,671,430	442,929
Finance lease liabilities	121,216	125,676
	<u>1,792,646</u>	<u>568,605</u>
Creditors falling after more than one year		
Bank loans	-	171,430
Finance lease liabilities	-	121,216
	<u>-</u>	<u>292,646</u>

	Currency	Nominal interest rate	Year of maturity	2018 £	2017 £
Sumitomo	£	3.86%	2019	171,430	342,858
Sumitomo	€	2.50%	2018	-	271,501
Sumitomo	£	1.94%	2019	1,500,000	-
				<u>1,671,430</u>	<u>614,359</u>

Notes (continued)

16 Other interest-bearing loans and borrowings

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £	Minimum lease payments 2017 £
Less than one year	121,216	125,676
Between one and five years	-	121,216
	<u>121,216</u>	<u>246,892</u>

17 Other financial liabilities

	2018 £	2017 £
Amounts falling due after more than one year		
Financial liabilities designated as fair value through profit or loss	109,004	-
	<u>109,004</u>	<u>-</u>

18 Deferred tax

	Assets 2018 £	2017 £	Liabilities 2018 £	2017 £	Net 2018 £	2017 £
Accelerated capital allowances	-	-	169,105	175,931	169,105	175,931
Short term timing differences	(11,135)	(5,945)	-	-	(11,135)	(5,945)
Net tax (assets) / liabilities	<u>(11,135)</u>	<u>(5,945)</u>	<u>169,105</u>	<u>175,931</u>	<u>157,970</u>	<u>169,986</u>

19 Called up share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
6,000,000 Ordinary shares of £1 each	<u>6,000,000</u>	<u>4,170,000</u>

Notes (continued)

20 Commitments

Non-cancellable operating leases/rentals are as follows:

	2018 Other £	2017 Other £
Operating leases which expire:		
Less than one year	139,530	81,297
Between one and five years	461,104	110,511
	<u>600,634</u>	<u>191,808</u>

21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £193,762 (2017: £181,837).

Contributions amounting to £37,655 (2017: £34,971) were payable to the scheme at the year end and are included in creditors: amounts falling due within one year.

22 Ultimate parent company

The company is a subsidiary undertaking of Sanko Gosei Limited, incorporated in Japan.

The group in which the results of the company are consolidated is that headed by Sanko Gosei Limited. The consolidated accounts of this group are available to the public and may be obtained from 1200 Habushin, Nanto-City, Toyama, Japan.

23 Related party transactions

Identity of related parties with which the Company has transacted

The Company transacts with other members of the Group, headed by Sanko Gosei Limited. These transactions are made on an arm's length basis. The Company has taken the exemption available under FRS102 section 33 from disclosing transactions with these entities.