

Company Registration No. 02307037 (England and Wales)

TYK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017.



TYK LIMITED

COMPANY INFORMATION

Directors	Mr N Ushigome Mr J P Lefebvre
Secretary	Mr J P Lefebvre
Company number	02307037
Registered office	25 Chilton Way Chilton Industrial Estate Chilton Ferryhill County Durham DL17 0SD
Auditor	Baldwins Audit Services Limited Wynyard Park House Wynyard Avenue Wynyard TS22 5TB
Bankers	National Westminster Bank PLC Stockton Business Centre PO Box 398, 1st Floor 123 High Street Stockton on Tees TS18 1FX

TYK LIMITED

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TYK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and financial statements for the year ended 31 March 2017.

Review of the business

The company continues to trade in a difficult market place. The directors are reporting a profit for the year of £210,186 (2016 - £145,940 loss). Turnover has increased during the year to £4.9 million, an increase of 19.2% on the previous year's trading, due to increased orders from within the TYK Group and external customers. Management have continued concentrating on pricing strategy, cost control and most significantly in dealing with the company's exposure to exchange rate fluctuations. The company is constantly facing price increases in the cost of raw materials which squeezes margins.

There is a large amount of competition in the market place and the company's strategy is to provide the best quality refractory products to differentiate between the company's product and other lower quality products in the market. This strategy has helped the company retain its customer base.

Principal risks and uncertainties

The directors believe that the main risk to the business is the relocation of the steel industry to Eastern Europe and China so reducing their European customer base. The management work tirelessly in retaining their customer base and ensuring the quality of the company's products are maintained through various quality standard accreditations.

The parent company, TYK Corporation, continues to support its operations.

Development and performance

The company focuses on manufacturing high quality technical and functional refractory products based on successful technology transfer from Japan. Our overall philosophy surrounds product development to assist our customers in their quest for high performance and quality.

Key performance indicators

The management and directors review monthly management accounts and compare to budgeted targets to monitor the company's performance. The Group directors are also actively involved in performance monitoring. The Board focuses on improving asset management and controlling expenditure. This has been a successful strategy over recent years and will continue to be monitored going forward.

On behalf of the board

牛込伸隆

Mr N Ushigome

Director

3/5/17

TYK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company continued to be that of the manufacture of refractory products including lances, blocks and black nozzles for continuous castings.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N Ushigome

Mr J P Lefebvre

Financial instruments

The company is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the company, from which financial instrument risk arises are trade receivables, cash and cash equivalents, trade payables and parent company loans.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty meeting its financial obligations as they fall due. The company's policy is to meet its liabilities when they fall due. The company monitors cash flow regularly and its parent company provides any necessary shortfall in funding. The support of the parent company has been agreed for the foreseeable future.

Foreign exchange risk

The company is exposed to foreign exchange risks primarily with respect to the Euro and the Japanese Yen. The majority of the company's foreign exchange transactions are at spot rate with fellow group companies. Due to the support of the group companies and the flexibility of the trading arrangement between those group companies the major part of the exchange rate risk is mitigated by the ability to delay advanced payments. The directors believe the unmanaged element of the exchange risk is not material.

Credit risk

Credit risk arises principally from the company's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The company has implemented policies that require appropriate credit checks on potential customers before sales commence. The company regularly monitors amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

TYK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

牛込伸隆

Mr N Ushigome

Director

3/5/17

TYK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYK LIMITED

We have audited the financial statements of TYK Limited for the year ended 31 March 2017 set out on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

TYK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TYK LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baldwins

Joanne Regan FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

Chartered Accountants
Statutory Auditor

5 May 2017

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

TYK LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Continuing operations			
Revenue	4	4,884,036	4,097,640
Cost of sales		(3,710,838)	(3,290,358)
Gross profit		<u>1,173,198</u>	<u>807,282</u>
Other operating income		9,112	5,154
Distribution costs		(132,366)	(107,853)
Administrative expenses		(820,585)	(833,436)
Investment revenues	7	225	252
Finance costs	8	(19,353)	(17,339)
Profit/(loss) before tax		<u>210,231</u>	<u>(145,940)</u>
Income tax expense	9	(45)	-
Profit/(loss) for the year	26	<u><u>210,186</u></u>	<u><u>(145,940)</u></u>
Other comprehensive income, net of income tax			
Unrealised exchange differences on translating foreign currencies		(335,086)	(228,040)
Total comprehensive income for the year		<u><u>(124,900)</u></u>	<u><u>(373,980)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

TYK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
Non-current assets			
Property, plant and equipment	10	911,731	965,024
Investments	11	17,786	17,786
		<u>929,517</u>	<u>982,810</u>
Current assets			
Inventories	13	819,756	849,401
Trade and other receivables	14	1,306,277	1,084,101
Cash and cash equivalents		1,057,906	978,806
		<u>3,183,939</u>	<u>2,912,308</u>
Total assets		<u><u>4,113,456</u></u>	<u><u>3,895,118</u></u>
Equity			
Called up share capital	25	5,100,000	5,100,000
Retained earnings	26	(4,402,173)	(4,277,273)
Total equity		<u>697,827</u>	<u>822,727</u>
Non-current liabilities			
Long term provisions	22	66,729	51,779
Deferred revenue	23	40,465	44,476
		<u>107,194</u>	<u>96,255</u>
Current liabilities			
Trade and other payables	20	505,882	459,094
Borrowings	17	2,788,542	2,502,810
Provisions	22	10,000	10,000
Deferred revenue	23	4,011	4,232
		<u>3,308,435</u>	<u>2,976,136</u>
Total equity and Liabilities		<u><u>4,113,456</u></u>	<u><u>3,895,118</u></u>

The financial statements were approved by the Board of directors and authorised for issue on 3/5/17
Signed on its behalf by:

牛达坤

Mr N Ushigome
Director

Company Registration No. 02307037

TYK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2015		5,100,000	(3,903,293)	1,196,707
		<hr/>	<hr/>	<hr/>
Loss for the year		-	(145,940)	(145,940)
Other comprehensive income		-	(228,040)	(228,040)
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		-	(373,980)	(373,980)
		<hr/>	<hr/>	<hr/>
Balance at 31 March 2016		5,100,000	(4,277,273)	822,727
		<hr/>	<hr/>	<hr/>
Profit for the year		-	210,186	210,186
Other comprehensive income		-	(335,086)	(335,086)
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		-	(124,900)	(124,900)
		<hr/>	<hr/>	<hr/>
Balance at 31 March 2017		5,100,000	(4,402,173)	697,827
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TYK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

		2017		2016	
	Notes	£	£	£	£
Cash Flows from operating activities					
Cash generated from operations	32		221,415		208,694
Interest paid			(19,353)		(17,339)
Net cash inflow from operating activities			<u>202,062</u>		<u>191,355</u>
Investing activities					
Purchase of property, plant and equipment		(73,933)		(93,047)	
Proceeds on disposal of property, plant and equipment		100		-	
Interest received		225		252	
Net cash used in investing activities			<u>(73,608)</u>		<u>(92,795)</u>
Financing activities					
Repayment of bank loans		(49,354)		-	
Net cash used in financing activities			<u>(49,354)</u>		<u>-</u>
Net increase in cash and cash equivalents			<u>79,100</u>		<u>98,560</u>
Cash and cash equivalents at beginning of year			978,806		880,246
Cash and cash equivalents at end of year			<u><u>1,057,906</u></u>		<u><u>978,806</u></u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

TYK Limited is a company limited by shares incorporated in England and Wales. The registered office is 25 Chilton Way, Chilton Industrial Estate, Chilton, Ferryhill, County Durham, DL17 0SD.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors' have a reasonable expectation that the company will continue in operational existence for the foreseeable future, however, they are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The company meets its day to day working capital requirement through its bank facilities and support from its parent company, TYK Corporation, a business registered in Japan. As at 31 March 2016 TYK Corporation had net assets of £175 million (2015 £163 million).

The board of TYK Corporation have agreed to support TYK Limited for the foreseeable future.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land	not depreciated
Freehold buildings	8.8% - 20% reducing balance
Fixtures and fittings	15% - 30% reducing balance
Plant and equipment	14% - 54% reducing balance
Motor vehicles	50% reducing balance

Freehold land and assets in the course of construction are not depreciated.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of tangible and intangible assets

At each reporting end 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.7 Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition. Cost is calculated using actual cost. Net realisable value represents the estimated selling price less all estimated costs for completion and costs to be incurred in marketing, selling and distribution. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised 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 to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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 reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Grants

Government grants relating to property, plant and equipment are treated as deferred revenue and released to profit and loss over the expected useful lives of the assets concerned. Government grants towards revenue expenditure are released to profit and loss as the related expenditure is incurred.

1.18 Foreign exchange

Transactions in foreign currencies are recognised at the rates of exchange prevailing on the first day of the month of the transaction. There is no conversion or retranslation of these transactions at the end of the month. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in the statement of comprehensive income.

1.19 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

Amendment to IAS 1 Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable the users of the financial statements to understand the impact of a transaction. The application of this amendment has not resulted in any impact on the financial performance of financial position.

Amendments to IAS 16 Clarification of Acceptable Methods of Depreciation

The company has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment. The company already uses the reducing balance for depreciation for its property, plant and equipment, the application of this amendment has had no impact on the financial statements.

Annual Improvements to IFRS 2012-20104 Cycle

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 Financial instruments

Effective for accounting periods beginning on or after 1 January 2018.

All recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9.

IFRS 15 Revenue from contracts with customers

Effective for accounting periods beginning on or after 1 January 2018.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Amendments to IAS7 disclosure initiatives

Effective for accounting periods beginning on or after 1 January 2017.

The amendments require an entity to provide disclosures that enable the users of the financial statements to evaluate changes in liabilities arising from financing activities.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

3 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Depreciation

The carrying value of property, plant and equipment is calculated on the basis of estimates of depreciation periods derived from the expected technical and useful life of the assets concerned, and residual values. The expected technical and useful life of an asset concerned and its estimated residual value may change under the influence of technological developments, market circumstances and changes in the use of the asset. These factors may also give rise to the need to recognise an impairment on assets.

4 Revenue

An analysis of the company's revenue is as follows:

	2017	2016
	£	£
United Kingdom	209,409	756,573
Europe	3,985,549	2,990,291
Rest of the World	689,078	350,776
	<u>4,884,036</u>	<u>4,097,640</u>
Other significant revenue		
Interest income	<u>225</u>	<u>252</u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Operating profit/(loss)

	2017	2016
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	(126,002)	(49,101)
Government grants	(4,232)	(4,680)
Fees payable to the company's auditor for the audit of the company's financial statements	11,000	11,000
Depreciation of property, plant and equipment	122,426	122,218
Loss on disposal of property, plant and equipment	4,700	422
Cost of inventories recognised as an expense	2,733,513	2,453,301
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Management and administration	10	11
Production	16	18
	<u> </u>	<u> </u>
	26	29
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	679,814	700,491
Social security costs	58,516	60,842
Pension costs	18,035	20,868
	<u> </u>	<u> </u>
	756,365	782,201
	<u> </u>	<u> </u>

7 Investment income

	2017	2016
	£	£
Interest income		
Bank deposits	225	252
	<u> </u>	<u> </u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Finance costs

	2017 £	2016 £
Other interest payable	19,353	17,339

9 Income tax expense

	2017 £	2016 £
Current tax		
Current year taxation	45	-
	45	-

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2017 £	2016 £
Profit/(loss) before taxation	210,231	(145,940)
Expected tax charge based on a corporation tax rate of 20.00%	42,046	(29,188)
Expenses not deductible in determining taxable profit	2,990	2,238
Utilisation of tax losses not previously recognised	(45,044)	-
Unutilised tax losses carried forward	-	46,840
Permanent capital allowances in excess of depreciation	944	(18,904)
Other permanent differences	(891)	(986)
Tax charge for the year	45	-

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

10 Property, plant and equipment

	Freehold land £	Assets under construction £	Fixtures and fittings £	Plant and equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2015	1,970,131	70,374	19,288	2,665,037	59,412	4,784,242
Additions	1,480	38,000	5,199	48,368	-	93,047
Disposals	(800)	-	(372)	(1,543)	-	(2,715)
Other	-	(108,374)	-	108,374	-	-
At 31 March 2016	1,970,811	-	24,115	2,820,236	59,412	4,874,574
Additions	3,977	989	10,188	58,779	-	73,933
Disposals	-	-	(3,000)	(24,969)	(8,499)	(36,468)
At 31 March 2017	1,974,788	989	31,303	2,854,046	50,913	4,912,039
Accumulated depreciation and impairment						
At 1 April 2015	1,456,482	-	14,747	2,272,257	46,139	3,789,625
Charge for the year	26,608	-	2,846	86,128	6,636	122,218
Eliminated on disposal	(671)	-	(175)	(1,447)	-	(2,293)
At 31 March 2016	1,482,419	-	17,418	2,356,938	52,775	3,909,550
Charge for the year	24,731	-	2,283	92,131	3,281	122,426
Eliminated on disposal	-	-	(2,920)	(20,328)	(8,420)	(31,668)
At 31 March 2017	1,507,150	-	16,781	2,428,741	47,636	4,000,308

TYK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2017****10 Property, plant and equipment**

	(Continued)					
	Freehold land	Assets under construction	Fixtures and fittings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£	£
Carrying amount						
At 31 March 2017	467,638	989	14,522	425,305	3,277	911,731
At 31 March 2016	488,392	-	6,697	463,298	6,637	965,024
At 31 March 2015	513,649	70,374	4,541	392,780	13,273	994,617

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Investments

	Current 2017 £	2016 £	Non-current 2017 £	2016 £
Investments in associates	-	-	17,786	17,786

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

12 Associates

Details of the company's associates at 31 March 2017 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
TYK Europe GmbH	Germany	20.00%	20.00%	Manufacture of refractory products

The investment in TYK Europe GmbH is not accounted for as an equity investment as TYK Limited do not have any significant influence over the operating and financial policies of TYK Europe GmbH, nor do they have an representation on the board.

13 Inventories

	2017 £	2016 £
Raw materials	482,676	583,587
Work in progress	329,701	224,031
Finished goods	7,379	41,783
	<u>819,756</u>	<u>849,401</u>

Included in finished goods and goods for resale above is an amount of £7,379 (2016 - £41,783) relating to inventories held at customers' premises on a consignment basis.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

14 Trade and other receivables

	Current 2017	2016
	£	£
Trade receivables	63,969	190,778
Other receivables	2,040	2,040
VAT recoverable	43,539	32,088
Amount due from parent undertaking	129,312	114,139
Amounts due from fellow group undertakings	1,024,326	675,914
Prepayments	43,091	69,142
	<u>1,306,277</u>	<u>1,084,101</u>

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

15 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

Credit risk arises principally from the company's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The company has implemented policies that require appropriate credit checks on potential customers before sales commence. The company regularly monitors amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

16 Credit risk

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

The company does not hold any collateral or other credit enhancements to cover this credit risk.

17 Borrowings

	£	£
Secured borrowings at amortised cost		
Bank loans	1,603,569	1,479,128
Loans from parent undertaking	1,184,973	1,023,682
	<u>2,788,542</u>	<u>2,502,810</u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

(Continued)

17 Borrowings

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £	2016 £
Current liabilities	2,788,542	2,502,810

18 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 month £	3 months to 1 year £	Total £
At 31 March 2017			
Bank loans	1,603,569	-	1,603,569
Parent loans	-	1,184,973	1,184,973
	<u>1,603,569</u>	<u>1,184,973</u>	<u>2,788,542</u>

19 Market risk

Market risk management

Foreign exchange risk

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2017 £	2016 £	2017 £	2016 £
Euro	1,685,022	1,267,755	914,962	807,996
Japanese Yen	29,180	24,273	2,000,619	1,870,648
Dollar	2,268	5,342	-	9,606
	<u>1,716,470</u>	<u>1,297,370</u>	<u>2,915,581</u>	<u>2,688,250</u>

The company is exposed to foreign exchange risks primarily with respect to the Euro and Japanese Yen. The majority of the company's foreign exchange transactions are at spot rate with fellow group companies. Due to the support of the group companies and the flexibility of the trading arrangement between those group companies the major part of the exchange rate risk is mitigated by the ability to delay advanced payments. The directors believe the unmanaged element of the exchange risk is not material.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

19 Market risk

(Continued)

20 Trade and other payables

	Current 2017	2016
	£	£
Trade payables	357,102	207,032
Amount due to parent undertaking	40,456	129,398
Amounts due to fellow group undertakings	30,713	49,113
Accruals	58,296	55,588
Social security and other taxation	16,914	15,983
Other payables	2,401	1,980
	<u>505,882</u>	<u>459,094</u>

21 Fair value of financial liabilities

The directors are consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

22 Provisions for liabilities

	2017	2016
	£	£
Employee benefits	66,729	51,779
Other	10,000	10,000
	<u>76,729</u>	<u>61,779</u>

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Current liabilities	10,000	10,000
Non-current liabilities	66,729	51,779
	<u>76,729</u>	<u>61,779</u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

22 Provisions for liabilities

(Continued)

	Employee benefits £	Other £	Total £
At 1 April 2016	51,779	10,000	61,779
Additional provisions in the year	14,950	-	14,950
At 31 March 2017	<u>66,729</u>	<u>10,000</u>	<u>76,729</u>

The provision for employment benefits represents long service entitlement accrued. the other provision represents estimated costs for the refurbishment of machinery.

23 Deferred revenue

	2017 £	2016 £
Arising from government grants	44,476	48,708
	<u>44,476</u>	<u>48,708</u>

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £	2016 £
Current liabilities	4,011	4,232
Non-current liabilities	40,465	44,476
	<u>44,476</u>	<u>48,708</u>

24 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £18,035 (2016 - £20,868).

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

25 Share capital	2017	2016
	£	£
Ordinary share capital		
<i>Issued and fully paid</i>		
5,100,000 ordinary shares of £1 each	5,100,000	5,100,000
	<u> </u>	<u> </u>

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

26 Retained earnings	£
At 1 April 2015	(3,903,293)
Loss for the year	(145,940)
Other recognised gains and losses	(228,040)
	<u> </u>
At 31 March 2016	(4,277,273)
Profit for the year	210,186
Other recognised gains and losses	(335,086)
	<u> </u>
At 31 March 2017	<u>(4,402,173)</u>

27 Contingent liabilities

There is a contingent liability of £16,000 (2016 - £16,000) in respect of a bond given to HM Revenue and Customs by the company's bankers.

28 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2017	2016
	£	£
Minimum lease payments under operating leases	23,321	22,675
	<u> </u>	<u> </u>

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

	2017	2016
	£	£
Within one year	16,505	23,871
Between two and five years	4,369	20,874
	<u> </u>	<u> </u>
	<u>20,874</u>	<u>44,745</u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

29 Capital risk management

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

30 Related party transactions

Remuneration of key management personnel

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

	2017 £	2016 £
Short-term employee benefits	60,900	70,563
	<u>60,900</u>	<u>70,563</u>

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Parent company	294,410	209,180	41,456	244,321
Subsidiaries	4,359,018	3,136,916	73,945	171,915
	<u>4,653,428</u>	<u>3,346,096</u>	<u>115,401</u>	<u>416,236</u>

	Royalties		Loan interest	
	2017 £	2016 £	2017 £	2016 £
Parent company	111,322	94,642	5,172	5,280
Subsidiaries	81,543	61,209	-	-
	<u>192,865</u>	<u>155,851</u>	<u>5,172</u>	<u>5,280</u>

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

30 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	£	£
Parent company	40,456	129,398
Fellow subsidiaries	30,713	49,113
	<u>71,169</u>	<u>178,511</u>

The company also has loans from the parent company. At the year end date the company owed £1,184,973 (2016 - £1,023,682). Interest on the loans has been charged as detailed above. There are no fixed terms of repayment therefore the loans are disclosed as falling due on demand.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2017	2016
	£	£
Parent company	129,312	114,139
Fellow subsidiaries	1,024,326	675,914
	<u>1,153,638</u>	<u>790,053</u>

31 Controlling party

As in the previous year, the immediate and ultimate parent company is TYK Corporation, a company incorporated in Japan.

The company is controlled by Mr Ushigome, President and Chairman of the TYK Corporation.

The consolidated financial statements of TYK Corporation are publicly available.

TYK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

32 Cash generated from operations	2017	2016
	£	£
Profit/(loss) for the year	210,186	(145,940)
Adjustments for:		
Taxation charged	45	-
Finance costs	19,353	17,339
Investment income	(225)	(252)
Loss on disposal of property, plant and equipment	4,700	422
Depreciation and impairment of property, plant and equipment	122,426	122,218
Increase in provisions	14,950	10,769
(Decrease) in deferred income	(4,011)	-
Movements in working capital:		
Decrease/(increase) in inventories	29,645	(1,082)
(Increase)/decrease in trade and other receivables	(222,176)	325,092
Increase/(decrease) in trade and other payables	46,743	(115,192)
Decrease in deferred revenue	(221)	(4,680)
Cash generated from operations	<u>221,415</u>	<u>208,694</u>