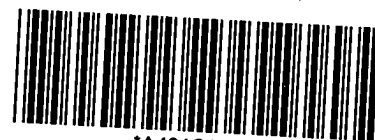


Company Registration No. 02307037 (England and Wales)

TYK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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TYK LTD

COMPANY INFORMATION

Directors	Mr N Ushigome Mr J P Lefebvre (Appointed 24 September 2014)
Secretary	Mr J P Lefebvre
Company number	02307037
Registered office	25 Chilton Way Chilton Industrial Estate Chilton Ferryhill County Durham DL17 0SD
Auditors	Evolution Business and Tax Advisors LLP 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 LTD

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TYK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015.

Review of the business

The company continues to trade in a difficult market place. The directors are reporting a profit for the year of £42,291 (2014: £434,429). Turnover has reduced during the year to £5.8 million, a decrease of 12.4% on the previous year's trading, due to reduced 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.

Although the company has realised a profit in the current year and has secured a more favourable position, the parent company, TYK Corporation, continues to support its operations.

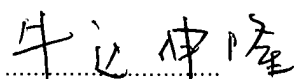
Development and performance

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



Mr N Ushigome

Director

B.S. 15

TYK LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

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

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 dividend has been paid during the year (2014 - nil).

Research and development

TYK Ltd conduct research for product optimisation.

Future developments

Our development is based on our high motivation to provide products which deliver the best performances. We will tirelessly keep working to improve our material based on our original and creative technology.

Directors

The following directors have held office since 1 April 2014:

Mr K Oguri	(Resigned 24 September 2014)
Mr N Ushigome	
Mr J P Lefebvre	(Appointed 24 September 2014)

Financial instruments

The treatment of financial instruments is disclosed in note 24 to the accounts.

Statement of directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS 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 International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

TYK LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board

牛込伸隆

Mr N Ushigome

Director

B.S.15

TYK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TYK LTD

We have audited the financial statements of TYK Ltd for the year ended 31 March 2015 set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 auditors' 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 auditors

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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; 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.

TYK LTD

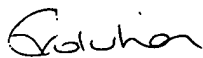
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF TYK LTD

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.



Joanne Regan FCA (Senior Statutory Auditor)
for and on behalf of
Evolution Business and Tax Advisors LLP

Chartered Accountants
Statutory Auditor

20 May 2015

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

TYK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Continuing operations			
Revenue	3	5,834,457	6,661,926
Cost of sales		(4,404,667)	(4,798,768)
Gross profit		1,429,790	1,863,158
Investment income	5	348	206
Distribution costs		(383,262)	(408,738)
Administrative expenses		(1,148,539)	(1,010,415)
Other operating income		7,929	12,523
Finance costs	6	(19,567)	(22,284)
(Loss)/profit before tax	4	(113,301)	434,450
Income tax expense	7	-	(21)
(Loss)/profit for the year	17	(113,301)	434,429
Other comprehensive income, net of income tax			
Unrealised exchange differences on translating foreign currencies		155,592	356,251
Total comprehensive income for the year		42,291	790,680

TYK LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Property, plant and equipment	8	994,617	956,561
Investments in associates	9	17,786	17,786
		<u>1,012,403</u>	<u>974,347</u>
Current assets			
Inventories	10	848,319	1,004,870
Trade and other receivables	11	1,409,193	2,014,862
Cash and cash equivalents		880,246	714,434
		<u>3,137,758</u>	<u>3,734,166</u>
Total assets		<u><u>4,150,161</u></u>	<u><u>4,708,513</u></u>
Equity and liabilities			
Current liabilities			
Loans and borrowings	12	1,346,171	1,467,054
Trade and other payables	13	1,502,885	1,978,292
		<u>2,849,056</u>	<u>3,445,346</u>
Non-current liabilities			
Provisions	14	51,010	50,167
Government grants	14	53,388	58,584
		<u>104,398</u>	<u>108,751</u>
Shareholder's equity			
Share capital	15	5,100,000	5,100,000
Retained earnings	16	(3,903,293)	(3,945,584)
Total equity and liabilities		<u><u>1,196,707</u></u>	<u><u>1,154,416</u></u>
		<u><u>4,150,161</u></u>	<u><u>4,658,346</u></u>

TYK LTD

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2015**

The financial statements were approved by the board of directors and authorised for issue on 13.05.2015

牛正伸隆

Mr N Ushigome
Director

Company Registration No. 02307037

TYK LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2014	5,100,000	(3,945,584)	1,154,416
Profit for the year	-	(113,301)	(113,301)
Other comprehensive income, net of income tax	-	155,592	155,592
Balance at 31 March 2015	5,100,000	(3,903,293)	1,196,707
Balance at 1 April 2013	5,100,000	(4,736,264)	363,736
Profit for the year	-	434,429	434,429
Other comprehensive income, net of income tax	-	356,251	356,251
Balance at 31 March 2014	5,100,000	(3,945,584)	1,154,416

TYK LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Net cash from operating activities		321,577	336,662
Taxation		(41)	(34)
Investing activities			
Purchase of property, plant and equipment		(158,924)	(86,259)
Proceeds on disposal of property, plant and equipment		3,200	(5,637)
Net cash used in investing activities		(155,724)	(80,622)
Financing activities			
New short term parent loan		-	131,605
Repayment of other loans		-	(131,432)
Decrease in debt		-	173
Net increase in cash and cash equivalents		165,812	256,179

TYK LTD

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

1 Reconciliation of operating (loss)/profit to net cash outflow from operating activities	2015	2014
	£	£
(Loss)/profit from operations	(94,082)	456,528
Adjusted for:		
Depreciation of property, plant and equipment	117,491	116,681
Loss/(profit) on disposal of property, plant and equipment	177	(2,755)
Operating cash flows before movement in working capital	23,586	570,454
Decrease/(increase) in inventories	156,551	(17,839)
Decrease/(increase) in receivables	605,669	(208,851)
Increase / (decrease) in payables	(440,657)	11,483
Cash generated from operations	345,149	355,247
Movement on grant provision	(5,196)	(7,585)
Interest paid	(19,567)	(22,284)
Interest received	348	206
Increase in other provisions	843	11,078
Net cash inflow from operating activities	321,577	336,662
2 Reconciliation of net cash flow to movement in net debt	2015	2014
	£	£
Increase in cash in the year	165,812	256,179
Cash outflow from decrease in debt	-	(173)
Net effect of foreign exchange differences	155,592	356,251
Movement in net debt in the year	321,404	612,257
Opening net debt	(1,715,928)	(2,328,185)
Closing net debt	(1,394,524)	(1,715,928)

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 General information

TYK Ltd is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the directors' report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

2 Accounting policies

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are set out below. These policies have been consistently applied, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

New standards, interpretations and amendments effective from 1 January 2014

One new interpretation and a number of amendments are effective for the first time for periods beginning on or after 1 January 2014, and have been adopted in these financial statements. The nature and effect of the new interpretation and each amendment adopted is detailed below. Neither the interpretation nor the amendments effective for the first time affect the company's financial statements.

IAS 36 recoverable amounts disclosure - amendments to IAS36

The amendments align the disclosures required for the recoverable amount of an asset when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use. Certain disclosures are now only required when an impairment loss has been recorded or reversed in respect of an asset. Other disclosure requirements have been clarified and expanded, for assets where the recoverable amount has been determined on the basis of fair value less costs of disposal. The amendment did not result in any effect on the company's financial statements.

Amendments to IAS 32 offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and simultaneous realisation and settlement'.

New standards and interpretations not yet applied

The company has yet to adopt the following standards and interpretations. The standards listed below are not expected to have a material impact on the results or assets and liabilities although a number of the developments will lead to additional or revised disclosures.

Amendments to IAS1 Presentation of Financial Statements

Effective for accounting periods beginning on or after 1 January 2016. May result in changes to the presentation of the company's financial statements and note disclosures.

The company plans to adopt the above standards in the periods in which they become applicable. The directors do not consider that the adoption of these standards will have a material impact on the financial statements in the period of initial application. Other new standards and interpretations have been issued but are not expected to have a material impact on the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015****2 Accounting policies****(Continued)****2.3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Research and development

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

2.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the statement of financial position at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land is not depreciated.

Plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss.

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to write off the cost of assets, other than land and buildings under construction, over their estimated useful lives, using the reducing balance method, on the following basis:

Land	not depreciated
Freehold buildings	8.8% reducing balance
Plant and machinery	14 - 54% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	50% reducing balance
Assets under construction	not depreciated

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

2.6 Leasing

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.7 Investments in securities

Investments in securities are stated at cost less provision for diminution in value.

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

2 Accounting policies

(Continued)

2.8 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 the 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 of 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.

2.9 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 2014 TYK Corporation had net assets of £132 million (2013: £179 million).

The board of TYK Corporation have agreed to support TYK Limited for the foreseeable future. Therefore the directors consider that the company has adequate resources to continue in business and that it is appropriate to adopt the going concern basis in preparing the accounts.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

2 Accounting policies**(Continued)****2.10 Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and 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 end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.11 Foreign currencies

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

2 Accounting policies

(Continued)

2.12 Government 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.

2.13 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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 the effect of the time value of money is material).

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.15 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible 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 the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 estimate 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 (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as profit immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

2 Accounting policies

(Continued)

2.16 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.17 Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2.18 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis being recognised in profit and loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.19 Significant judgements and estimates

The preparation of the company's financial statements in conforming with IFRS required management to make judgements and assumptions that affected the application of policies and reported amounts in the financial statements. These judgements and estimates are based in management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and/or notes to the financial statements and the key areas are summarised below:

a) Depreciation rates are based on the estimated useful lives and residual value of the assets involved.

3 Revenue

Geographical market

	Revenue	
	2015	2014
	£	£
United Kingdom	852,113	1,430,312
Europe	4,261,613	4,160,705
Rest of the World	720,731	1,070,909
	<u>5,834,457</u>	<u>6,661,926</u>

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

4	(Loss)/profit from operations	2015	2014
		£	£
	(Loss)/profit from operations has been arrived at after charging:		
	Depreciation of property, plant and equipment	117,491	116,681
	Loss on disposal of property, plant and equipment	177	-
	Net foreign exchange losses	203,126	13,704
	Operating lease rentals	21,512	22,647
	Auditors' remuneration	13,285	12,670
	Remuneration of auditors for non-audit work	5,385	6,341
	and after crediting:		
	Government grants	(5,196)	(7,585)
	Profit on disposal of property, plant and equipment	-	(2,755)
5	Investment income	2015	2014
		£	£
	Bank interest	348	206
		348	206
6	Finance costs	2015	2014
		£	£
	On loans	19,567	22,284

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

7	Income tax	2015 £	2014 £
	Domestic current year tax		
	U.K. corporation tax	-	41
	Adjustment recognised in the current year in relation to current tax of prior years	-	(20)
	Total current tax	-	21
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(113,301)	434,450
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2014 - 20.00%)	(22,660)	86,890
	Effects of:		
	Expenses that are not deductible in determining taxable profit	253	294
	Depreciation add back	23,498	23,336
	Capital allowances	(13,299)	(10,327)
	Unused tax losses and tax offets not recognised as deferred assets	13,079	(98,083)
	Adjustments to previous periods	-	20
	Other tax adjustments	(871)	(2,109)
		22,660	(86,869)
	Current tax charge for the year	-	21

The company has estimated losses of £3,677,140 (2014 - £3,611,744) available for carry forward against future trading profits.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

8 Property, plant and equipment

	Land and buildings	Assets under construction	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2014	1,968,119	60,546	2,645,170	20,600	50,538	4,744,973
Additions	2,012	9,828	121,658	1,368	24,058	158,924
Disposals	-	-	(101,791)	(2,680)	(15,184)	(119,655)
At 31 March 2015	1,970,131	70,374	2,665,037	19,288	59,412	4,784,242
Accumulated depreciation and impairment						
At 1 April 2014	1,427,314	-	2,298,536	13,672	48,890	3,788,412
On disposals	-	-	(99,710)	(1,942)	(14,626)	(116,278)
Charge for the year	29,168	-	73,431	3,017	11,875	117,491
At 31 March 2015	1,456,482	-	2,272,257	14,747	46,139	3,789,625
Carrying amount						
At 31 March 2015	513,649	70,374	392,780	4,541	13,273	994,617
At 31 March 2014	540,805	60,546	346,634	6,928	1,648	956,561

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

9 Investment in associates

	Shares in associates £
Cost	
At 1 April 2014 & at 31 March 2015	17,786
Carrying amount	
At 31 March 2015	17,786
At 31 March 2014	17,786

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Other significant interests			
TYK Europe GmbH	Germany	Ordinary	20.00

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 a representation on the board.

10 Inventories	2015 £	2014 £
Raw materials and consumables	495,163	567,313
Work in progress	237,997	387,144
Finished goods and goods for resale	115,159	50,413
	<u>848,319</u>	<u>1,004,870</u>

Included in finished good and goods for resale above is an amount of £115,159 (2014 - £50,413) relating to inventories held at customers' premises on a consignment basis.

11 Trade and other receivables	2015 £	2014 £
Trade receivables	214,360	467,322
Amounts owed by parent and fellow subsidiary undertakings	1,093,199	1,420,135
Other receivables	47,416	88,235
Prepayments	54,218	39,170
	<u>1,409,193</u>	<u>2,014,862</u>

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

12	Borrowings	2015 £	2014 £
	Bank loans	1,346,171	1,467,054
		<u>1,346,171</u>	<u>1,467,054</u>

The borrowings are repayable as follows:

On demand or within one year	1,346,171	1,467,054
	<u>1,346,171</u>	<u>1,467,054</u>

The bank loans are secured by guarantees from TYK Corporation, the ultimate parent undertaking.

13	Trade and other payables	2015 £	2014 £
	Trade payables	449,612	462,370
	Amounts owed to parent undertakings	43,130	385,144
	Amounts owed to fellow subsidiary	10,775	78,061
	Corporation tax	-	41
	Social security and other taxes	19,711	17,120
	Parent company loans	928,599	963,308
	Other payables	601	1,660
	Accruals	50,457	70,588
		<u>1,502,885</u>	<u>1,978,292</u>

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

14 Provisions for liabilities

	Employee benefits £	Other £	Total £
Balance at 1 April 2014	40,167	10,000	50,167
Statement of profit and loss	843	-	843
Balance at 31 March 2015	<u>41,010</u>	<u>10,000</u>	<u>51,010</u>

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

	2015 £	Government grants 2014 £
Balance at 1 April 2014	58,584	66,169
Amortisation in the year	(5,196)	(7,585)
Balance at 31 March 2015	<u>53,388</u>	<u>58,584</u>

15 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
5,100,000 ordinary shares of £1 each	<u>5,100,000</u>	<u>5,100,000</u>

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

16 Statement of movements in shareholders' equity

	Share capital £	Retained earnings £
Balance at 1 April 2014	5,100,000	(3,945,584)
Retained loss	-	(113,301)
Foreign currency translation differences		155,592
Balance at 31 March 2015	<u>5,100,000</u>	<u>(3,903,293)</u>

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

17 Reconciliation of movements in Shareholders' funds	2015	2014
	£	£
(Loss)/Profit for the financial year	(113,301)	434,429
Other recognised gains and losses	155,592	356,251
	<u> </u>	<u> </u>
Net addition to shareholders' funds	42,291	790,680
Opening Shareholders' funds	1,154,416	363,736
	<u> </u>	<u> </u>
Closing Shareholders' funds	<u>1,196,707</u>	<u>1,154,416</u>

18 Contingent liabilities

There is a contingent liability of £16,000 (2014 - £16,000) in respect of a bond given to HM Revenue and Customs by the company's bankers.

19 Directors' remuneration	2015	2014
	£	£
Remuneration for qualifying services	35,497	-
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under company savings schemes amounted to 0 (2014 - 1).

20 Financial commitments

At 31 March 2015 the company was committed to making the following payments under non-cancellable operating leases:

	Other	
	2015	2014
	£	£
Operating leases which expire:		
Within one year	2,791	-
Between two and five years	64,456	82,540
In over five years	-	6,951
	<u> </u>	<u> </u>
	<u>67,247</u>	<u>89,491</u>

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Management and administration	11	13
Production	22	24
	<u>33</u>	<u>37</u>

Employment costs

	2015 £	2014 £
Wages and salaries	785,219	968,100
Social security costs	69,064	73,047
Other employment costs	843	1,078
	<u>855,126</u>	<u>1,042,225</u>

22 Control

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 N Ushigome, President and Chairman of the TYK Corporation.

The consolidated financial statements of TYK Corporation are publicly available.

TYK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

23 Related party transactions

At the end of September 2014, included within the employee benefits provision was £11,811 (31 March 2014: £12,206) for Mr Oguri, director until his resignation on 24 September 2014.

During the year, the company traded on a commercial and arms length basis with the parent company and other group companies.

Details of transactions which occurred during the year and balances at the year end date are as follows:

	Parent company		Other subsidiary companies	
	2015 £	2014 £	2015 £	2014 £
Turnover	315,615	644,411	4,668,334	4,549,308
Purchases	229,219	379,573	44,727	22,495
Royalties	133,514	131,731	90,057	91,164
Loan interest	5,689	6,341	-	-
Trade receivables	138,822	126,377	954,377	1,293,757
Trade payables	43,130	385,144	10,775	78,061
Loans	928,599	963,308	-	-

24 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.

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.

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.

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.

TYK LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

		2015		2014
	£	£	£	£
Turnover				
UK		852,113		1,430,312
Europe		4,261,613		4,160,705
Rest of World		720,731		1,070,909
		<u>5,834,457</u>		<u>6,661,926</u>
Cost of sales				
Opening stock	1,004,870		987,030	
Purchases	3,380,348		3,933,748	
Wages and salaries	815,853		823,227	
Carriage inwards and import duty	51,916		59,633	
	<u>5,252,987</u>		<u>5,803,638</u>	
Closing stock	(848,320)		(1,004,870)	
		<u>(4,404,667)</u>		<u>(4,798,768)</u>
Gross profit	24.51%	1,429,790	27.97%	1,863,158
Distribution costs	383,262		408,738	
Administrative expenses	1,148,539		1,010,415	
		<u>1,531,801</u>		<u>(1,419,153)</u>
		102,011		444,005
Other operating income				
Government grants received	5,196		7,585	
Sundry income	2,733		4,938	
	<u>7,929</u>		<u>12,523</u>	
Operating (loss)/profit		<u>(94,082)</u>		<u>456,528</u>

TYK LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

Other interest receivable and similar income

Bank interest received	348	206
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Interest payable

Loan interest	19,567	22,284
	(19,567)	(22,284)

(Loss)/profit before taxation

1.94%	(113,301)	6.52%	434,450
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TYK LTD

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2015

	2015 £	2014 £
Distribution costs		
Transport and duty	147,816	170,248
Royalties	223,571	235,283
Depreciation on motor vehicles	11,875	3,207
	<u>383,262</u>	<u>408,738</u>
Administrative expenses		
Wages and salaries	181,692	222,087
Directors' remuneration	30,025	-
Staff pension costs	843	1,078
Staff training	2,250	8,976
Class 1A NIC	2,389	2,646
Rent, rates, insurance and water	113,525	106,043
Operating lease charges	21,512	22,647
Light and heat	206,931	223,790
Repairs and renewals	114,756	133,409
Printing, postage and stationery	5,752	6,116
Telephone	5,600	5,062
Hire of equipment	6,538	6,190
Motor running expenses	20,227	18,946
Travelling expenses	26,197	14,800
Entertaining	-	390
Legal and professional fees	6,019	853
Accountancy fees	5,385	6,341
Audit fees	13,285	12,670
Bank charges	3,180	3,468
Profit/loss on foreign currency	203,126	13,704
Sundry expenses	63,342	78,692
Subscriptions and donations	10,172	11,788
Depreciation	105,616	113,474
Profit / loss on disposal of fixed assets	177	(2,755)
	<u>1,148,539</u>	<u>1,010,415</u>