

Registered No: 2498218

# Sharp International Finance (UK) Plc

## Annual report and financial statements

31 March 2016

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## Sharp International Finance (UK) Plc

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Registered No: 2498218

### **Directors**

S. Sakakibara

M.Okamoto (resigned 1<sup>st</sup> July 2016)

T.Watanabe (appointed 1<sup>st</sup> July 2016)

### **Secretary**

M.Okamoto (resigned 1<sup>st</sup> July 2016)

T.Watanabe (appointed 1<sup>st</sup> July 2016)

### **Auditors**

KPMG LLP

15 Canada Square

London E14 5GL

### **Solicitors**

Slaughter and May

1 Bunhill Row

London EC1Y 8YY

### **Registered Office**

4 Furzeground Way

Stockley Park

Uxbridge

Middlesex

UB11 1EZ

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## Strategic Report

### Principal activities and review of the business

The company is part of the worldwide group of companies whose parent is Sharp Corporation of Japan.

The company's role in the group is that of a treasury centre. This role involves providing financing to fellow group companies whenever required and raising funds from any currently available source in order to do so.

There are no current plans for the company to provide services to any organisation which is not at least partly owned by Sharp Corporation.

Also the company provides a netting and payments service for the European subsidiaries of Sharp Corporation in their dealings with each other, with Head Office and with other subsidiaries worldwide and arranges foreign exchange contracts on behalf of the European subsidiaries as a hedge against their anticipated currency exposures.

The company provides regular financial information to fellow Sharp subsidiaries to assist those companies in their treasury decisions.

The company would also take advantage of any arbitrage opportunity that may occur, specifically where the issue of Sharp debt instruments can be used to purchase paper in another company in anticipation of a profit.

There has been no change in this basic pattern of business since the founding of the company.

There are no other significant new developments to report.

The company's key financial and other performance indicators during the year were as follows:

	2016	2015	Change
	\$'000	\$'000	%
Turnover	5,741	7,554	(24.00)%
Profit before tax	1,498	2,897	(48.29) %
Profit/(Loss) after tax	1,497	2,641	(43.32) %
Shareholders' funds	40,542	39,169	3.51 %
Current assets as a % of current liabilities	120.4%	128.1%	(6.01)%

Turnover decreased significantly. Of the components of turnover, interest on lending to group companies remained stable. However the current year is the first full financial year since Sharp Corporation decided to reduce the type of products sold in Europe. This change of focus continued to reduce the settlement volume processed by the company and the foreign exchange trading associated with it, as well as the hedging of currency exposures by group companies. Therefore settlement commission reduced by 35.17% and foreign exchange commission by 71.16%.

Both EUR and JPY strengthened against USD by 6.0%. However this did not have a significant effect on profit, because, for most of the company's transactions, funding and investment instruments are matched together and any foreign exchange exposure is covered by foreign exchange contracts.

Profitability significantly fell because the significant reduction in foreign exchange and settlement commission could not be matched by a similar reduction in fixed costs.

Shareholders' funds was affected only by the change in retained earnings due to the profit for the year.

The ratio of current assets to current liabilities has remained reasonably stable.

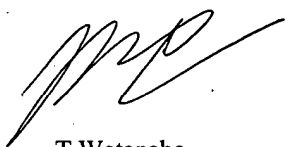
### Principal risks and uncertainties

The company finances its operations by a combination of equity, bank borrowings, commercial paper and medium-term notes. It is the company's policy to use appropriate financial instruments, such as swaps or forward foreign exchange contracts, to reduce interest rate, and currency risk to a minimum. Most

## Strategic Report

transactions are entered on a basis where funding is matched to the maturity of the asset. The company's access to funding may be affected by the situation of Sharp Corporation, however, as described in note 1 to the Financial Statements, the company considers Sharp Corporation to be able to secure the funding it requires and underpin the company's ability to collect and repay intercompany balances in the future. The company also enters into forward foreign exchange contracts as a principal on behalf of its fellow subsidiaries, who are required to settle the outstanding balances on maturity of the contracts. The company's currency risk is assessed as insignificant. The principal risks facing the company and further risk management information are described in note 17 to the accounts.

By order of the board



T. Watanabe

Secretary

Date: 22<sup>nd</sup> September 2016

Registered office: 4 Furzeground Way, Stockley Park, Uxbridge, Middlesex, UB11 1EZ, UK

## Directors' Report

The directors present their report on the affairs of the company together with the accounts and auditor's report for the year ended 31 March 2016.

### Results and dividends

The profit for the year, after taxation, amounted to \$1,496,824 (2015 : \$2,641,484). No interim dividend was paid during the year (2015: \$nil). The directors do not recommend the payment of a final dividend (2015: \$nil).

### Likely future developments

On 12<sup>th</sup> August 2016, Sharp Corporation commenced a strategic alliance with Hon Hai Precision Industry Co Ltd., where Hon Hai Precision Industry Co Ltd. took a controlling interest in Sharp in return for a substantial cash investment. However Sharp Corporation's plans for the region have not changed, at least for the foreseeable future, and so the company anticipates continuing to carry out similar activities.

### Directors

The directors who served during the year and up to the date of signing were as follows:

S. Sakakibara

M.Okamoto (resigned 1<sup>st</sup> July 2016)

T. Watanabe (appointed 1<sup>st</sup> July 2016)

### Disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:


- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

## Directors' Report

### Auditors

In accordance with section 489 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of KPMG LLP as auditors of the company.

By order of the board



T. Watanabe

Secretary

Date: 22<sup>nd</sup> September 2016

Registered office: 4 Furzeground Way, Stockley Park, Uxbridge, Middlesex, UB11 1EZ, UK

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 *Reduced Disclosure Framework*.

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

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

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

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

# **Independent auditor's report**

**to the members of Sharp International Finance (UK) Plc**

**Registered number 2498218**

We have audited the financial statements of Sharp International Finance (UK) Plc for the year ended 31 March 2016 set out on pages 10 to 35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 *Reduced Disclosure Framework*.

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 page 7, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

# Independent auditor's report

to the members of Sharp International Finance (U.K.) plc

Registered number 2498218

## 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.



**Kevin Hall (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London E14 5GL

22 September 2016

## Profit and loss account and Other Comprehensive Income

for the year ended 31 March 2016

		2016	2015
	Notes	\$'000	\$'000
<b>Turnover</b>	2	5,741	7,554
Interest payable and similar charges	3	(2,805)	(2,904)
Gross profit		2,936	4,650
Foreign exchange gain/(loss)		27	(154)
Operating income		2,963	4,496
Administrative expenses		(1,465)	(1,408)
<b>Operating profit</b>		1,498	3,088
Loss on sale of available for sale financial asset		-	(191)
<b>Profit before taxation</b>	4	1,498	2,897
Tax on profit	7	(1)	(256)
<b>Profit after taxation</b>		1,497	2,641
<b>Profit for the financial year</b>		1,497	2,641
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit liability		(155)	(5)
Income tax on items that will not be reclassified to profit or loss		31	1
Other Comprehensive income for the year, net of income tax		(124)	(4)
<b>Total comprehensive income for the year</b>		1,373	2,637

All of the company's activities are derived from continuing operations

Notes on pages 13 to 35 form part of these financial statements

## Balance Sheet

for the year ended 31 March 2016

		2016	2015
	Notes	\$'000	\$'000
<b>Fixed assets</b>			
Tangible assets	8	-	-
		<hr/>	<hr/>
		-	-
<b>Current assets</b>			
Debtors (including \$1,356,902 (2015:2,527,829) due after more than one year)	9	240,712	188,459
Financial assets at fair value through profit and loss	10	569	1,021
Cash at bank		531	813
		<hr/>	<hr/>
		241,812	190,293
<b>Creditors: amounts falling due within one year</b>			
Other creditors	11	(199,270)	(147,768)
Financial liabilities at fair value through profit and loss	12	(515)	(816)
		<hr/>	<hr/>
		(199,785)	(148,584)
<b>Net current assets</b>		<hr/>	<hr/>
		42,027	41,709
<b>Total assets less current liabilities</b>		<hr/>	<hr/>
		42,027	41,709
<b>Creditors: amounts falling due after more than one year</b>			
Long Term Bank Borrowings	13	(1,357)	(2,528)
Pension deficit		(128)	(12)
		<hr/>	<hr/>
<b>Net assets</b>		<hr/>	<hr/>
		40,542	39,169
<b>Capital and reserves</b>			
Called-up share capital	16	8,732	8,732
Profit and loss account		31,810	30,437
		<hr/>	<hr/>
<b>Total equity</b>		<hr/>	<hr/>
		40,542	39,169

Notes on pages 13 to 35 form part of these financial statements

These financial statements were approved by the board of directors on 22<sup>nd</sup> September 2016 and were signed on its behalf by:



T. Watanabe

Managing Director

Registered No : 2498218

## Statement of Changes in Equity

at 31 March 2016

	<i>Called-up Share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Balance at 31 March 2014</b>	8,732	27,800	36,532
<b>Total comprehensive income for the period</b>			
Profit	-	2,641	2,641
Other comprehensive income	-	(4)	(4)
<b>Total comprehensive income for the period</b>	-	2,637	2,637
<b>Balance at 31 March 2015</b>	8,732	30,437	39,169
<b>Total comprehensive income for the period</b>			
Profit	-	1,497	1,497
Other comprehensive income	-	(124)	(124)
<b>Total comprehensive income for the period</b>	-	1,373	1,373
<b>Balance at 31 March 2016</b>	8,732	31,810	40,542

Notes on pages 13 to 35 form part of these financial statements

## Notes to the accounts

at 31 March 2016

### 1. Accounting policies

Sharp International Finance (UK) plc (the “company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS101 for the first time.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The company has no transition adjustment between FRS 101 and reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).

The company’s ultimate parent undertaking, Sharp Corporation, includes the company in its consolidated financial statements. The consolidated financial statements of Sharp Corporation are prepared in accordance with generally accepted accounting principles in Japan and are available to the public and may be obtained from the address in note 19.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries
- The effect of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS101 balance sheet at 1 April 2014 for the purpose of the transition to FRS101.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

## Notes to the accounts

at 31 March 2016

### 1. Accounting policies (continued)

#### (a) Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss.

#### (b) Going Concern

Whilst the company does raise certain funding from third parties, it is dependent upon the support of the parent company in arranging access to such funding. The Directors have considered the status of the company as a provider of funding to Sharp Corporation group companies and the indications received from Sharp Corporation that it will provide access to such funds as the company may require to continue that activity.

In May 2016 Sharp Corporation reported the consolidated financial performance of Sharp Corporation group had resulted in substantial operating and net losses for the year ended 31 March 2016. However on 30th March 2016 Sharp Corporation had announced a strategic alliance with Hon Hai Precision Industry Co Ltd.. Under the terms of the alliance, both companies are committed to restoring profitability and strengthening the operations of Sharp. On 12th August 2016, all legal requirements having been fulfilled, Hon Hai got a controlling interest in Sharp, in return for a cash investment of 388 billion Yen.

Since 12th August, the directors have discussed the change in ownership with Sharp Corporation and its implications for the company. Although detailed information on future strategy is not yet available, the directors have received assurances that the newly invested cash is intended to reach all parts of Sharp's business worldwide and that there is no plan to reduce the level of support provided to the company.

The directors recognise that Sharp Corporation's assurances of continued access to funding are not a guarantee and that the circumstances of the group may change. However the directors consider the Hon Hai investment to be a wholly positive development, which reduces the likelihood of any material adverse change in the company's business.

Taking all these factors into account the directors conclude that the going concern basis of accounting remains appropriate in preparing the annual financial statements of the company.

#### (c) Foreign currencies

The accounts are presented in US Dollars, which is the functional currency of the company. The US Dollar is the principal trading currency of the company. All values are rounded to the nearest thousand dollars (\$'000) except where otherwise indicated.

Monetary assets and liabilities are expressed in US Dollars at spot market rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities, such as tangible fixed assets and share capital, are translated at the rates ruling when acquired or issued, respectively. Income and expenses expressed in foreign currencies are translated into US Dollars using the rates of exchange ruling at the transaction dates. Translation differences are dealt with in the profit and loss account. Foreign currency gains and losses are reported on a net basis.

#### (d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on cost in equal installments over the estimated useful lives of the assets less estimated residual value using the straight line method. Fixtures, fittings and office equipment are written off over a five year period.

## Notes to the accounts

at 31 March 2016

### 1. Accounting policies (continued)

#### (e) Classification of Financial Instruments

The company classifies its financial instruments in the following categories: financial assets or liabilities at fair value through profit and loss, loans and receivables and other liabilities as appropriate. The company determines the classification of its financial instruments at initial recognition. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial instruments not at fair value through profit and loss, directly attributable transaction costs. Purchases and sales of financial instruments are recognised on the trade date, being the date that the Company commits to purchase or sell the financial instruments. The subsequent measurement of financial instruments depends on their classification, as follows:

#### *Non-derivative Financial Instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances only.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are recognised initially at fair value plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortization process.

##### *Interest-bearing loans*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Derivative financial instruments*

The company uses derivative financial instruments such as cross currency swaps and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Hedge accounting is not applied as the hedge relationships do not meet the criteria under IAS 39 to qualify for hedge accounting. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

## Notes to the accounts

at 31 March 2016

### 1. Accounting policies (continued)

Foreign exchange contracts taken out on a back-to-back basis with banks and Sharp Group companies are stated on a gross basis.

The fair value of swaps contracts is determined by reference to valuation by third party brokers.

Any gains or losses arising from changes in the fair value of derivatives are taken to profit or loss.

#### *Financial Instruments at fair value through profit and loss*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

#### *Financial instruments issued by the company*

Following adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

### (f) Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes to the accounts

at 31 March 2016

### 1. Accounting policies (continued)

#### (g) Employee benefits

##### *Defined contribution plans*

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

##### *Defined benefit plans*

The company has made contribution to a defined benefit pension scheme for group companies operated by Sharp Electronics (UK) Limited. The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted.

The defined benefit pension asset or liability in the balance sheet comprises the company's share of the total present value of the defined benefit obligation. The pension cost is assessed using the projected unit method in accordance with the advice of a qualified actuary. The company's share of the underlying assets and liabilities is based on the independent actuary's reports and has been identified on a consistent and reasonable basis.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The directors do not consider the amounts or impacts of the pension scheme significant on the results or balance sheet and so have not provided further disclosure.

#### (h) Turnover

Commission earned on foreign exchange trades, representing the difference in value between back-to-back foreign exchange contracts taken out with banks and Sharp group companies, is included in the profit and loss account on a trade date basis.

Settlement administration commission is included monthly in the profit and loss account at a fixed percentage of the amounts transferred from and to the Sharp group companies.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

#### (i) Interest Payable and similar charges

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

## Notes to the accounts

at 31 March 2016

### 1. Accounting policies (continued)

#### (j) Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## Notes to the accounts

at 31 March 2016

### 2. Turnover and segmental information

(a) The company has only one principal area of activity, that of European treasury centre of its parent company. Turnover, which is all derived from continuing operations, consists of income arising from loans made to group undertakings and the holding of securities and commissions charged to fellow subsidiary undertakings.

(b) All turnover of the company originates in the United Kingdom. An analysis of turnover by geographical segment based on the destination is given below:

	2016	2015
	\$'000	\$'000
European Union	4,520	5,349
Japan	1,220	2,202
Other	1	3
	<u>5,741</u>	<u>7,554</u>

Turnover comprises:-

	2016	2015
	\$'000	\$'000
Interest receivable	4,503	4,529
Foreign exchange commission receivable	721	2,501
Settlement administration commission receivable	114	176
Other	403	348
	<u>5,741</u>	<u>7,554</u>

### 3. Interest payable and similar charges

	2016	2015
	\$'000	\$'000
Interest payable on financial liabilities at fair value through profit and loss		
Discount notes	1,573	1,512
Short term bank loans	1,013	1,053
Short term group loans	13	23
Long term bank loans	129	205
Exchange loss realised on loan interest	77	111
	<u>2,805</u>	<u>2,904</u>

## Notes to the accounts

at 31 March 2016

### 4. Notes to the profit and loss account

	2016 \$'000	2015 \$'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	-	-
Auditor's remuneration		
- audit of these financial statements	78	84
- other services	2	-
- tax compliance services	20	20

### 5. Staff costs

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

	2016 No.	2015 No.
Dealing/administration	3	3

- (b) The aggregate payroll costs of these persons were as follows:

	2016 \$'000	2015 \$'000
Wages and salaries	1,027	995
Social security costs	29	34
Other pension costs	29	24
	<u>1,085</u>	<u>1,053</u>

### 6. Director's Remuneration

Director's remuneration was paid in respect of the director of the company as follows:

	2016 \$'000	2015 \$'000
Emoluments	356	546
Emoluments of the highest paid director were:	356	546

## Notes to the accounts

at 31 March 2016

### 7. Taxation

#### Analysis of charge recognised in the profit and loss account

	2016 \$000	2016 \$000	2015 \$000	2015 \$000
<i>UK corporation tax</i>				
Current tax on income for the period	298		655	
Group tax relief utilised in respect of prior year	(261)		(448)	
Adjustments in respect of prior periods	(47)		-	
Double taxation relief	(23)	(10)	(126)	207
<i>Foreign tax</i>		(23)		(126)
Current tax on income for the period	23		162	
		23		162
Total current tax		(10)		243
<i>Deferred tax (see Note 15)</i>				
Origination and reversal of timing differences	11		13	
Total deferred tax		11		13
Tax on profit on ordinary activities		1		256

## Notes to the accounts

at 31 March 2016

### 7. Taxation (continued)

Reconciliation of effective tax rate	2016	2015
	\$'000	\$'000
Profit before taxation	1,498	2,897
Tax at 20% (2015: 21%) corporation tax rate	299	608
Effects of:		
Expenses not deductible for tax purpose	10	19
Revaluation of Available-for-sale financial asset	-	40
Group tax relief utilised in respect of prior years	(261)	(448)
Prior year adjustment	(47)	-
Withholding Tax not recoverable	-	36
Other	-	1
Current tax charge for the year	<u>1</u>	<u>256</u>

#### Factors affecting the tax charge for future periods

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly. This will reduce the company's future current tax charge accordingly.

## Notes to the accounts

at 31 March 2016

### 8. Tangible fixed assets

	<i>Fixtures, fittings and office equipment \$'000</i>
<b>Cost:</b>	
At 1 April 2015	272
Additions	-
Disposals	-
At 31 March 2016	<u>272</u>
<b>Accumulated depreciation:</b>	
At 1 April 2015	272
Charge for the year	-
Disposals	-
At 31 March 2016	<u>272</u>
<b>Net book value:</b>	
At 31 March 2015	<u>-</u>
At 31 March 2016	<u>-</u>

### 9. Debtors

	<i>2016 \$'000</i>	<i>2015 \$'000</i>
Amounts owed by group undertakings	100,391	61,021
Accrued income from group undertakings	72	94
Prepayments and other accrued income	4	31
Deferred tax assets less pension (Note 15)	7	16
Corporation tax receivable	609	947
Other debtors	28	11
Amounts owed by parent company	<u>139,601</u>	<u>126,339</u>
	<u>240,712</u>	<u>188,459</u>

Included within amounts owed by group undertakings is a long term loan to a group undertaking of \$1,356,902 (2015:\$2,527,829) due to be repaid in installments in 2016 and 2017 respectively.

## Notes to the accounts

at 31 March 2016

### 10. Financial assets at fair value through profit and loss

	2016	2015
	\$'000	\$'000
Forward foreign exchange contracts	569	1,021
	<u>569</u>	<u>1,021</u>

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

	2016	2015
	\$'000	\$'000
Accruals and deferred income	705	515
Amount owed to group undertakings including accrued interest	131,037	80,551
Bank loans (Note 14)	67,165	66,036
Corporation tax payable to fellow subsidiary undertakings	260	501
Other taxes and social security costs	93	148
Amount owed to parent company	10	17
	<u>199,270</u>	<u>147,768</u>

The fair value of amounts owned by/due to group undertakings, trade creditors, other debtors and other creditors approximate their carrying amounts due to the short term maturities.

### 12. Financial liabilities at fair value through profit and loss

	2016	2015
	\$'000	\$'000
Forward foreign exchange contracts	515	816
	<u>515</u>	<u>816</u>
Less: maturity within one year	<u>(515)</u>	<u>(816)</u>
Due after one year	<u>-</u>	<u>-</u>

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# Notes to the accounts

at 31 March 2016

Notes to the accounts

at 31 March 2016

## 13. Creditors: amounts falling due after more than one year

	2016	2015
	\$'000	\$'000
Long Term Bank Borrowings (Note 14)	1,357	2,528
	<u>1,357</u>	<u>2,528</u>

## 14. Interest-bearing loans and borrowings

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

	2016	2015
	\$000	\$000
Creditors falling due after more than one year		
Unsecured bank loans	1,357	2,528
Creditors falling due within less than one year		
Unsecured bank loans	67,164	66,036
Discount notes issued to fellow subsidiaries	127,017	80,480
Group loan	3,968	-
	<u>198,149</u>	<u>146,516</u>

### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2016 \$000	Carrying amount 2016 \$000	Face value 2015 \$000	Carrying amount 2015 \$000
Bank loan	EUR	1.276	2016	18,232	18,232		
Bank loan	EUR	1.276	2015			17,184	17,184
Bank loan	USD	1.715	2016	36,200	36,200		
Bank loan	USD	1.525	2015			36,200	36,200
Bank loan	USD	1.94	2016	11,400	11,400		
Bank loan	USD	1.75	2015			11,400	11,400
Bank loan	SEK	3.49	2015			1,252	1,252
Bank loan	SEK	3.71	2016	1,332	1,332	1,252	1,252
Bank loan	SEK	3.88	2017	1,357	1,357	1,276	1,276
<b>TOTAL</b>				<b>68,521</b>	<b>68,521</b>	<b>68,564</b>	<b>68,564</b>
Group loan	CHF	1.50	2016	3,968	3,968		
<b>TOTAL</b>				<b>3,968</b>	<b>3,968</b>	<b>-</b>	<b>-</b>

## Notes to the accounts

at 31 March 2016

### 14. Interest-bearing loans and borrowings (continued)

	Currency	Nominal interest rate	Year of maturity	Face value 2016 \$000	Carrying amount 2016 \$000	Face value 2015 \$000	Carrying amount 2015 \$000
Discount Notes	EUR	1.46	2016	7,063	7,063		
Discount Notes	EUR	1.46	2015			33,274	33,274
Discount Notes	EUR	1.46	2016	2,848	2,848		
Discount Notes	EUR	1.46	2015			33,250	33,250
Discount Notes	EUR	1.46	2016	3,417	3,417		
Discount Notes	EUR	1.46	2016	79,668	79,668		
Discount Notes	JPY	1.30	2016	12,887	12,887		
Discount Notes	USD	1.63	2016	1,997	1,997		
Discount Notes	EUR	0.25	2016	4,214	4,214		
Discount Notes	EUR	0.41	2015			322	322
Discount Notes	EUR	0.25	2016	456	456		
Discount Notes	EUR	0.41	2015			644	644
Discount Notes	EUR	0.25	2016	1,139	1,139		
Discount Notes	EUR	0.41	2015			1,074	1,074
Discount Notes	EUR	0.25	2016	1,937	1,937		
Discount Notes	EUR	0.41	2015			10,736	10,736
Discount Notes	EUR	0.25	2016	11,391	11,391		
Discount Notes	EUR	0.41	2015			1,180	1,180
<b>TOTAL</b>				<b>127,017</b>	<b>127,017</b>	<b>80,480</b>	<b>80,480</b>

### 15. Deferred tax assets and liabilities

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 \$000	2015 \$000	Liabilities 2016 \$000	2015 \$000	Net 2016 \$000	2015 \$000
Defined Pension Benefit Deficit	32	3	-	-	32	3
Unamortised tax deduction for fair value difference	-	7	-	-	-	7
Capital allowance	7	9	-	-	7	9
<b>Net tax assets / (liabilities)</b>	<b>39</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>19</b>

Deferred taxation movements are:

	1 April 2015 £000	Recognised in income £000	Recognised in equity £000	31 March 2016 £000
Defined Pension Benefit Deficit	3	(2)	31	32
Unamortised tax deduction for fair value difference	7	(7)	-	-
Capital allowance	9	(2)	-	7
	<b>19</b>	<b>(11)</b>	<b>31</b>	<b>39</b>

## Notes to the accounts

at 31 March 2016

### 15. Deferred tax assets and liabilities (continued)

Deferred tax movements in the prior year are:

	1 April 2014 £000	Recognised in income £000	Recognised in equity £000	31 March 2015 £000
Defined Pension Benefit Deficit	6	-	(3)	3
Unamortised tax deduction for fair value difference	15	(8)	-	7
Capital allowance	10	(1)	-	9
	<u>31</u>	<u>(9)</u>	<u>(3)</u>	<u>19</u>

The deferred tax assets have been recognised at 20% (2015: 21%) being the UK corporation tax rate applicable from 1 April 2015.

### 16. Share capital

	2016 \$'000	2015 \$'000
Allotted, called-up and fully paid:		
86,449 ordinary shares of \$100 each	8,645	8,645
500 ordinary shares of £100 each	<u>87</u>	<u>87</u>
	<u>8,732</u>	<u>8,732</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

#### Dividends

The following dividends were recognized during the period

	2016 \$'000	2015 \$'000
\$0 (2015 \$0) per qualifying ordinary share	-	-
	<u>-</u>	<u>-</u>

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments

The company's financial instruments comprise bank loans, borrowings from the parent company, loans to group companies, discount notes issued to group companies and forward foreign exchange contracts. The main purpose of these financial instruments is to raise and manage finance for the company's operations.

The company enters into derivative transactions to manage the currency risks arising from the company's operations and its sources of finance, principally through holding currency swaps and forward currency exchange contracts. The company does not enter into derivative transactions for any speculative purpose.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign currency risk, credit risk and market risk. The board considers these risks and agrees policies for managing each of them, in order to ensure the long-term stability of the company's operations.

#### Risk management

It is the company's policy to reduce the financial risk of its financial instruments to a minimum by the use of foreign exchange. The company constantly monitors the movements of interest and currency rates as part of the normal daily business of the company.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments.

#### Interest rate risk

The short term loans to Sharp group companies are funded from available cash, discount notes issued to other Sharp group companies, borrowings from the parent company and bank loans. These short term assets and liabilities have fixed interest rates and hence no sensitivity to changes in interest rate risk.

The long term fixed rate loans to Sharp Sweden are financed with exactly matching, in terms of principal and duration, fixed rate loans from a bank.

Therefore, on an overall basis, changes in interest rates would have an insignificant effect on the profit and loss or net equity of the company.

#### Foreign currency risk

The currency exposure of the company from making loans to group companies in foreign currencies is reduced to a minimum with the use of forward foreign currency contracts.

As at 31 March 2016, the net value of outstanding forward foreign exchange contracts which were entered into by the company amounted to \$(38,834) (2015: \$(36,243)). The contracts are mainly arranged for the fellow subsidiary undertakings and are entered on a back-to-back basis with a bank such that the company has no exposure to changes in foreign currency rates.

#### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

Group funds are also accessed with the issue of discount notes to and borrowings from fellow group subsidiaries. The maturity profiles of funding and investments are exactly matched as often as possible, except where the investment is an equity instrument.

As described in Note 1, whilst the company has access to funding from third parties, as part of Sharp Corporation group it is dependent upon the support of the parent company in arranging access to such funding.

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments (continued)

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2016 and 2015 based on contractual undiscounted payments.

Year Ended March 2016	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000
Non-derivative financial liabilities	196,831	1,332	1,357	-	199,520
Derivative financial liabilities	515	-	-	-	515
<b>Total</b>	<b>197,346</b>	<b>1,332</b>	<b>1,357</b>	<b>-</b>	<b>200,035</b>

Year Ended March 2015	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	\$000	\$000	\$000	\$000	\$000
Non-derivative financial liabilities	145,264	1,252	2,528	-	149,044
Derivative financial liabilities	816	-	-	-	816
<b>Total</b>	<b>146,080</b>	<b>1,252</b>	<b>2,528</b>	<b>-</b>	<b>149,860</b>

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities.

Loans are made only to Sharp group companies. Transactions with Sharp group companies are considered to have minimal credit risk, because of the support of the parent company Sharp Corporation, as described in note 1. For other counterparties, counterparty credit risk is carefully managed through the setting of limits and frequent monitoring of exposures. All other counterparties are major financial institutions. In setting counterparty exposure limits, consideration is given to external credit agency ratings and internal limits. Regular examination is performed to check the continued credit-worthiness of all counterparties. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

#### Equity price risk

The company was not exposed to equity price risk during the year.

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments (continued)

#### Market risk – Foreign currency risk

The company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

Year Ended March 2016	GBP \$000	EUR \$000	JPY \$000	PLN \$000	CHF \$000	SEK \$000	RUB \$000	Total \$000
Cash	19	153	20	18	11	7	4	232
Loans receivable	-	111,822	75,467	-	-	2,689	-	189,978
Forward FX contracts	10	19,322	(62,134)	-	3,968	-	-	(38,834)
Loan borrowing	-	(18,232)	-	-	(3,968)	(2,689)	-	(24,889)
Discount Note	-	(112,133)	(12,887)	-	-	-	-	(125,020)
Net exposure	29	932	466	18	11	7	4	1,467

Year Ended March 2015	GBP \$000	EUR \$000	JPY \$000	PLN \$000	CHF \$000	SEK \$000	RUB \$000	Total \$000
Cash	85	379	16	5	1	7	3	496
Loans receivable	-	57,234	76,331	-	-	3,780	-	137,345
Forward FX contracts	16	40,509	(76,781)	13	-	-	-	(36,243)
Loan borrowing	-	(17,184)	-	-	-	(3,780)	-	(20,964)
Discount Note	-	(80,480)	-	-	-	-	-	(80,480)
Net exposure	101	458	(434)	18	1	7	3	154

#### Sensitivity analysis

A 5 percent weakening of the following currencies against the US Dollar as at 31<sup>st</sup> March would have increased/(decreased) profit and loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. This analysis is performed on the same basis for 31<sup>st</sup> March 2015.

	2016 \$'000	2015 \$'000
EUR	(47)	(23)
JPY	(22)	21

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments (continued)

A 5 percent strengthening of the above currencies against the US Dollar as at 31<sup>st</sup> March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. A change in the value of either currency would cause no significant change in the value of equity.

#### Market risk – Interest rate risk

As at balance sheet date the interest rate profile of the company's interest-bearing financial instruments was:

	2016	2015
<b>Fixed rate instruments</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets	239,979	187,345
Financial liabilities	199,506	149,044

#### Sensitivity analysis

Because all financial assets and liabilities are fixed rate, an increase or decrease in interest rate of 5 percent would have no effect on equity or profit and loss

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments (continued)

#### Fair values of financial assets and liabilities

The carrying values and fair values of financial assets and liabilities other than those detailed in notes 10 and 12, are considered to be approximately equal considering the risks stated above.

The valuation methods used for valuing long term financial instruments is set out in Accounting Policies.

#### Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2016 \$000	Fair value 2016 \$000	Level 1 2016 \$000	Level 2 2016 \$000	Level 3 2016 \$000	Carrying amount 2015 \$000	Fair value 2015 \$000	Level 1 2015 \$000	Level 2 2015 \$000	Level 3 2015 \$000
<b>Financial assets designated as fair value through profit or loss (Note 10)</b>										
Forward foreign exchange contracts	569	569	-	569	-	1,021	1,021	-	1,021	-
	569	569	-	569	-	1,021	1,021	-	1,021	-
<b>Other financial assets</b>										
Loans and settlement commission receivable	239,992	239,992	-	-	239,992	187,360	187,360	-	-	187,360
Cash	531	531	-	-	-	813	813	-	-	-
	240,523	240,523	-	-	239,992	188,173	188,173	-	-	187,360

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments (continued)

	Carrying amount 2016 \$000	Fair value 2016 \$000	Level 1 2016 \$000	Level 2 2016 \$000	Level 3 2016 \$000	Carrying amount 2015 \$000	Fair value 2015 \$000	Level 1 2015 \$000	Level 2 2015 \$000	Level 3 2015 \$000
<b>Financial liabilities designated as fair value through profit or loss (Note 12)</b>										
Accrued FX commission	515	515	-	515	-	816	816	-	816	-
	515	515	-	515	-	816	816	-	816	-
<b>Financial liabilities measured at amortised cost</b>										
Amount owed to fellow subsidiary undertakings	130,985	130,985	-	-	130,985	80,480	80,480	-	-	80,480
Bank loans	68,521	68,521	-	-	68,521	68,564	68,564	-	-	68,564
	199,506	199,506	-	-	199,506	149,044	149,044	-	-	149,044

The following show the valuation techniques used for level 2 and 3 fair values. There are no financial instruments that are classified as level 1.

#### Derivatives

The fair value of derivatives is determined by reference to rates quoted by third party brokers. Similar contracts are traded in an active market and the quotes reflect actual transactions in similar instruments.

#### Loans and receivables

The fair value of trade and other debtors is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

#### Financial liabilities measured at amortised cost

The fair value of financial liabilities measured at amortised cost is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

## Notes to the accounts

at 31 March 2016

### 17. Financial instruments (continued)

#### Reconciliation of Level 3 fair value measurements of financial assets and liabilities

Financial Assets	Loans and Settlement commission receivable		Total
	\$'000	\$'000	\$'000
Balance at 31 March 2014	227,780		227,780
Purchases	3,640,168		3,640,168
Settlements	(3,680,588)		(3,680,588)
Balance at 31 March 2015	187,360		187,360
Purchases	3,040,402		3,040,402
Settlements	(2,987,770)		(2,987,770)
Balance at 31 March 2016	239,992		239,992
Financial Liabilities	Amount owed to fellow subsidiaries	Bank loans	Total
	\$'000	\$'000	\$'000
Balance at 31 March 2014	115,919	76,347	192,266
Borrowings	3,022,017	380,038	3,402,055
Settlements	(3,057,456)	(387,821)	(3,445,277)
Balance at 31 March 2015	80,480	68,564	149,044
Borrowings	1,669,047	738,873	2,407,920
Settlements	(1,618,542)	(738,916)	(2,357,458)
Balance at 31 March 2016	130,985	68,521	199,506

## Notes to the accounts

at 31 March 2016

### 18. Capital management

The primary objective of the company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The company's policy is to match all borrowing, long or short term, to an asset of corresponding duration.

As a result the ratio of capital to assets net of current financial liabilities for the year to 31<sup>st</sup> March 2016 is 93.96% (2015: 91.17%). The capital comprises called-up capital, retained profits and revaluation reserve.

### 19. Ultimate parent company and related party transactions

The immediate and ultimate parent company is Sharp Corporation, a company incorporated in Japan. Copies of the accounts of Sharp Corporation can be obtained from the head office at 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan.

### 20. Related party transaction

During the year the company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

During the year the company made a loan to the Managing Director M.Okamoto. As at 31<sup>st</sup> March 2016 the balance outstanding of the loan was USD 25,296. However on the resignation of M.Okamoto on 1<sup>st</sup> July 2016 the loan had been repaid in full.

### 21. Accounting estimates and judgements

The preparation of financial statements in conformity with Financial Reporting Standard 101 *Reduced Disclosure Framework* requires management to make judgements, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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 that period.

No adjustments were made to convert the company results from UK GAAP to FRS 101.