

Company Registration No. 06000696

Tokyo Chemical Industry UK Ltd

Annual Report and Financial Statements

31 December 2016

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Tokyo Chemical Industry UK Ltd

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Tokyo Chemical Industry UK Ltd

Company Information

Directors

Kohji Asakawa
Seiichiro Asakawa

Secretary

Takeshi Omori

Registered Office

Magdalen Centre
Robert Robinson Avenue
The Oxford Science Park
Oxford
OX4 4GA

Bankers

The Bank of Tokyo-Mitsubishi UFJ
Ropemaker Place,
25 Ropemaker Street
London
EC2Y 9AN

BNP Paribas Fortis
10 Harewood Avenue
London
NW2 6AA

Solicitor

Lewis Silkin
5 Chancery Lane
Clifford's Inn
London EC4A 1BL

Auditor

Deloitte LLP
Statutory Auditor
London

Tokyo Chemical Industry UK Ltd

Directors' report

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2016. This Directors' Report has been prepared in accordance with the special provisions relating to small companies. The company has taken advantage of the small companies' exemption from preparing a Strategic Report.

Principal activities and review of business

The company was incorporated in 2006 and started direct sales to the UK and Irish markets from 1 January 2009. The main activities of the company are to promote sales in the UK and Irish market for organic laboratory chemicals for academic/industrial research and development activities. Furthermore, the company continues to investigate the UK and Irish markets in order to increase sales.

The results for the year are given in the profit and loss account on page 9 of the financial statements.

Future developments

The directors anticipate increases in sales and activity. To support the increase in activity the directors expect staff numbers to continue to increase.

Going concern

The company meets its day-to-day working capital requirements through support offered by its parent company. The ultimate parent company, Tokyo Chemical Industry Co., Ltd, has provided a written commitment of financial support, which is legally binding for at least 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

Principal risks and uncertainties

Foreign exchange risk represents a challenging issue for the company as most purchases are denominated in foreign currency and the company does not use derivatives to manage its financial risks. In order to mitigate the risk the company looks to settle the creditor position with its sole supplier, TCI Europe NV, as regularly as possible to reduce the exposure to currency fluctuations.

Interest rate risk

There are no borrowings. The company is only exposed to interest rate risk on interest receivable on cash.

Credit risk

Because of the trading nature of the company, the directors consider credit risk to be relevant to the company. This risk is mitigated through credit control procedures and regular reviews of the trade debtors balance.

Liquidity risk

Liquidity risk is also relevant for the company as, being in its infancy, it is yet to become profitable. This risk is mitigated through support from its parent company.

Results and dividends

The directors do not propose the payment of a dividend in 2016 (2015: £nil).

Tokyo Chemical Industry UK Ltd

Directors' report *(continued)*

Directors

The directors, who served throughout the year and to the date of this report except as otherwise noted, were as follows:

Kohji Asakawa (appointed 16 November 2006)
Seiichiro Asakawa (appointed 16 November 2006)

Disclosure of information to the auditor

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

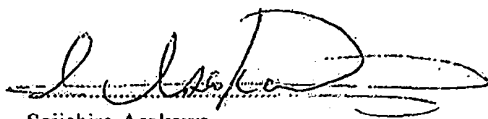
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 29 September 2017 and signed on its behalf by:



Seiichiro Asakawa

Director

Tokyo Chemical Industry UK Ltd

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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.

Tokyo Chemical Industry UK Ltd

Independent auditor's report to the members of Tokyo Chemical Industry UK Ltd

We have audited the financial statements of Tokyo Chemical Industry UK Ltd for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Tokyo Chemical Industry UK Ltd

Independent auditor's report to the members of Tokyo Chemical Industry UK Ltd (Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Andrew Lowes (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 September 2017

Tokyo Chemical Industry UK Ltd

Profit and loss account

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	916,279	982,952
Cost of sales		(585,200)	(643,901)
Gross profit		<u>331,079</u>	<u>339,051</u>
Administrative expenses	4	(524,875)	(418,916)
Operating loss		<u>(193,796)</u>	<u>(79,865)</u>
Finance costs	6	(2,577)	(2,142)
Loss before taxation		<u>(196,373)</u>	<u>(82,007)</u>
Tax on loss on ordinary activities	7	-	-
Loss on ordinary activities after taxation		<u><u>(196,373)</u></u>	<u><u>(82,007)</u></u>

The above statement should be read in conjunction with the accompanying notes.

All amounts derive wholly from continuing operations.

The company has no items of other comprehensive income in the period for which financial statements are presented. As such, no separate statement of other comprehensive income is presented.

Tokyo Chemical Industry UK Ltd

Balance sheet

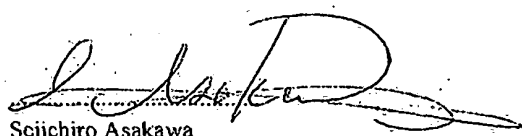
At 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	5,660	4,556
Current assets			
Debtors- due within one year	9	147,786	123,029
Cash at bank and in hand		183,134	442,811
Creditors: amounts falling due within one year	10	330,920 (437,110)	565,840 (474,552)
Net current (liabilities)/assets		(106,190)	91,287
Net (liabilities)/assets		(100,530)	95,843
Capital and reserves			
Called-up share capital	11	1,100	1,100
Share premium account	12	1,648,900	1,648,900
Profit and loss account		(1,750,530)	(1,554,157)
Shareholders' (deficit)/funds		(100,530)	95,843

The above statement should be read in conjunction with the accompanying notes.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and Section 1A of FRS 102.

The financial statements of Tokyo Chemical Industry UK Ltd (registered number 06000696) were approved by the board of directors and authorised for issue on 29 September 2017. They were signed on its behalf by:



Seiichiro Asakawa

Director

Tokyo Chemical Industry UK Ltd

Notes to the financial statements **For the year ended 31 December 2016**

1. Accounting policies

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

a. General information and basis of accounting

Tokyo Chemical Industry UK Ltd is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England. The address of the registered office is given on page 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

b. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 4. The company meets its day-to-day working capital requirements through support offered by its parent company. The ultimate parent company, Tokyo Chemical Industry Co., Ltd, has provided a written commitment of financial support, which is legally binding for at least 12 months from the date of approval of these financial statements.

As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c. Basic financial instruments

Trade and other debtors / creditors

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

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand to the extent that there is no legal right of set off.

d. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment 25% on cost

e. Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

f. Employee benefits

The company did not have any pension scheme during the period.

Tokyo Chemical Industry UK Ltd

Notes to the financial statements (Continued) For the year ended 31 December 2016

1. Accounting policies (*Continued*)

g. *Foreign currency*

Monetary assets and liabilities denominated in foreign currencies (Euro) are translated into pound sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss.

h. *Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

i. *Taxation*

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Accounting estimates and judgements

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors do not believe that there are any critical accounting judgements or key sources of estimation uncertainty.

Tokyo Chemical Industry UK Ltd

Notes to the financial statements (Continued)

For the year ended 31 December 2016

3. Turnover

	2016 £	2015 £
Sales of products	829,061	926,369
Other operating income	87,218	56,583
	<u>916,279</u>	<u>982,952</u>

4. Loss on ordinary activities before taxation

	2016 £	2015 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation - owned assets	7,008	1,427
Operating lease rentals- other	15,534	19,600
FX gain/loss	57,211	(12,573)
Fees payable to the company's auditor for the audit of the company's annual financial statements	19,575	19,331
Fees payable to the company's auditor for tax services	11,900	7,800
	<u>113,228</u>	<u>35,585</u>

5. Information regarding directors and employees

	2016 No.	2015 No.
Average number of persons employed		
Business development and technical staff	3	1
Administration	2	2
	<u>5</u>	<u>3</u>
	2016 £	2015 £
Staff costs during the year (including directors)		
Wages and salaries	142,708	129,733
Social security costs	57,936	26,254
	<u>200,644</u>	<u>155,987</u>

Directors' remuneration

The directors did not receive any emoluments from the company during the year and were remunerated directly from the ultimate parent in Japan. The directors are also directors of other Group companies and it is not possible to estimate the value of their services as directors of the company.

Tokyo Chemical Industry UK Ltd

Notes to the financial statements (Continued) For the year ended 31 December 2016

6. Finance costs

	2016 £	2015 £
Interest payable and similar expenses	2,577	2,142
	<u>2,577</u>	<u>2,142</u>

7. Loss before taxation

Profit before taxation is stated after charging/ (crediting):

	2016 £	2015 £
Analysis of tax charge in year		
Current tax		
UK corporation tax on losses for the year	-	-
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax charge on loss on ordinary activities	-	-

	2016 £	2015 £
Factors affecting tax charge for year		
Loss on ordinary activities before tax	(196,373)	(82,007)
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 20 % (2015: 20.25%)	(39,275)	(16,606)
Effects of:		
Expenses not deductible for corporation tax	-	22
Capital allowances less than (in excess of) depreciation	-	-
Tax losses not utilised	39,275	16,584
Tax charge for year	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to unutilised trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £295,478 (31 December 2015: £278,068).

On 8 July 2015 the Chancellor announced reductions in the statutory rate of UK corporation tax to 19% from 1 April 2017 then 18% from 1 April 2020. This change became substantively enacted on 26 October 2015 and the rate of 18% has been used to calculate any deferred tax. On 16 March 2016 the chancellor announced a further reduction to 17% in the statutory rate of UK corporation tax to 19% from 1 April 2017. At the date of signing the financial statements this rate had not been substantively enacted and therefore has not been applied.

Tokyo Chemical Industry UK Ltd

Notes to the financial statements (Continued)

For the year ended 31 December 2016

8. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2016	16,700
Charge for the year	(5,905)
	<u>10,795</u>
At 31 December 2016	
Depreciation	
At 1 January 2016	12,144
Charge for the year	(7,009)
	<u>5,135</u>
At 31 December 2016	
Net book value	
At 31 December 2016	<u>5,660</u>
At 31 December 2015	<u>4,556</u>

9. Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	141,700	117,242
Amount owed by group undertakings	1,022	1,640
Prepayments and other debtors	5,064	4,147
Total debtors	<u>147,786</u>	<u>123,029</u>

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	27,879	16,900
Amounts owed to group undertakings	340,191	370,757
Taxation and social security	35,483	31,428
Other creditors	33,557	55,467
	<u>437,110</u>	<u>474,552</u>

Tokyo Chemical Industry UK Ltd

Notes to the financial statements (Continued) For the year ended 31 December 2016

11. Called up share capital

	2016 £	2015 £
Authorised:		
1,100 ordinary shares of £1 each	<u>1,100</u>	<u>1,100</u>
Called up, allotted and fully paid		
1,100 ordinary shares of £1 each	<u>1,100</u>	<u>1,100</u>

12. Share premium

	2016 £	2015 £
At 1 January 2016 and at 31 December 2016	<u>1,648,900</u>	<u>1,648,900</u>

13. Financial commitments

At 31 December 2016, the company had a monthly operating lease commitment of £1,700 (2015: £1,633) for the rental of its Oxford office space (equivalent to £20,400 per annum; 2015: £19,600 per annum). This is cancellable with one month's notice.

14. Ultimate parent company and controlling entity

The immediate parent company is TCI Deutschland GmbH, Mergenthaler alle 79-81, 65760 Eschborn, Germany, a company registered in Germany, and the ultimate parent company is Tokyo Chemical Industry Co., Ltd, a company registered in Japan, whose registered office is 4-10-2 Nihonbashi-honcho, Chuo-ku Tokyo 103-0023. The company is not included within the consolidated financial statements of any company.