

REGISTERED NUMBER: SC201456 (Scotland)

Companies House

**TEKNEK (JAPAN) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



Milne Craig  
Chartered accountants  
Statutory auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
Renfrewshire  
PA3 4DA

**TEKNEK (JAPAN) LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Balance Sheet</b>	<b>2</b>
<b>Notes to the Financial Statements</b>	<b>3 to 8</b>

**TEKNEK (JAPAN) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS:**

G M Hudson  
S J Rowell

**SECRETARY:**

C MacKillop

**REGISTERED OFFICE:**

River Drive  
Inchinnan Business Park  
Inchinnan  
PA4 9RT

**REGISTERED NUMBER:**

SC201456 (Scotland)

**AUDITORS:**

Milne Craig  
Chartered accountants  
Statutory auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
Renfrewshire  
PA3 4DA

**TEKNEK (JAPAN) LIMITED (REGISTERED NUMBER: SC201456)**

**BALANCE SHEET  
31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>CURRENT ASSETS</b>			
Stocks	4	-	14,654
Debtors	5	932,491	934,823
Cash at bank		-	15,727
		<u>932,491</u>	<u>965,204</u>
<b>CREDITORS</b>			
Amounts falling due within one year	6	5,472	47,025
		<u>927,019</u>	<u>918,179</u>
<b>NET CURRENT ASSETS</b>			
		<u>927,019</u>	<u>918,179</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>927,019</u>	<u>918,179</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		50,000	50,000
Retained earnings		877,019	868,179
		<u>927,019</u>	<u>918,179</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>927,019</u>	<u>918,179</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2020 and were signed on its behalf by:



G M Hudson - Director

The notes form part of these financial statements

## **TEKNEK (JAPAN) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. STATUTORY INFORMATION**

Teknek (Japan) Limited is a private company, limited by shares, registered in Scotland. The company's registered number is SC377074 and registered office is River Drive, Inchinnan Business Park, Renfrew, PA4 9RT.

The nature of the company's operations and its principal activities is that of the distribution of film cleaning machines and components in Japan:

#### **2. ACCOUNTING POLICIES**

##### **Accounting policies**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling. Monetary amounts in these financial statements are rounded to the nearest £.

##### **Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The company's immediate parent company is Teksaleco Ltd,

##### **Critical accounting judgements and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided in accordance with group policies and where objective evidence of the need for a provision exists.

Inventories are assessed in accordance with group policy and for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

## TEKNEK (JAPAN) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES - continued

##### Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Consideration is given to the point at which the Company is entitled to receive the income, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably.

##### Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, net of depreciation and any provision for impairment.

Depreciation on fixed assets is provided at rates estimated to write off the cost, less residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	-	15%-33% on cost
Motor vehicles	-	25% on cost

##### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**TEKNEK (JAPAN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of 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.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derivative financial instruments

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.

Foreign currency forward contracts

Foreign currency forward contracts are recognised initially at fair value, net of transaction costs incurred. In successive periods these are measured at fair value through profit or loss. Outstanding derivatives at year end are included within other debtors.

## **TEKNEK (JAPAN) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. ACCOUNTING POLICIES - continued**

##### **Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. These translation differences are dealt with in the profit and loss account.

The accounting records of the overseas branch are maintained in Japanese Yen but the reporting currency has been determined as Great British Pounds. The results of overseas operations are translated at average rates of exchange during the period and their balance sheet at the rates ruling at the balance sheet date. Resulting exchange gains and losses are dealt with as adjustments to reserves.

##### **Leasing and hire purchase obligations**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even if payments are not made on such a basis.



## TEKNEK (JAPAN) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. ACCOUNTING POLICIES - continued

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2018 - 2).

#### 4. STOCKS

	2019	2018
	£	£
Finished goods	-	14,654
	<u>          </u>	<u>          </u>

**TEKNEK (JAPAN) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade debtors	12,197	180,547
Amounts owed by group undertakings	904,305	753,930
Corporation tax recoverable	15,851	-
Deferred tax asset	138	346
	<u>932,491</u>	<u>934,823</u>

Amounts owed by group undertakings are of a trading nature and are repaid on that basis, no interest is charged or due, and no security is given.

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade creditors	-	68
Amounts owed to group undertakings	-	2,278
Corporation tax	-	25,548
Social security and other taxes	5,472	17,751
Accruals and deferred income	-	1,380
	<u>5,472</u>	<u>47,025</u>

Amounts owed to group undertakings are of a trading nature and are repaid on that basis, no interest is charged or due, and no security is given.

**7. DEFERRED TAX**

	£
Balance at 1 January 2019	(346)
Reversal of timing differences	228
Effect of change in tax rates	(20)
	<u>(138)</u>
Balance at 31 December 2019	<u>(138)</u>

**8. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Kirsty Mackie BAcc CA (Senior Statutory Auditor)  
for and on behalf of Milne Craig

**9. ULTIMATE CONTROLLING PARTY**

The company's ultimate holding company is Illinois Tool Works Inc., a company which is incorporated in the state of Delaware, USA.

The only group in which the results of Teknek (Japan) Limited are consolidated is that headed by Illinois Tool Works Inc. The consolidated financial statements of this group are available to the public and may be obtained from Illinois Tool Works Inc., 155 Harlem Avenue, Glenview, Illinois 60025, United States of America.