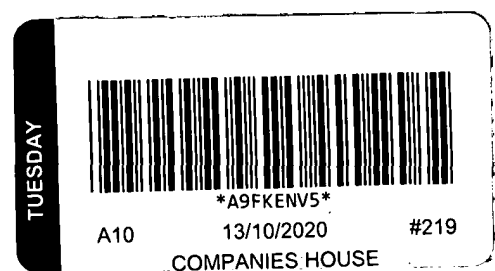


Registered number: 02178087

**KIYOKUNI EUROPE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2019**



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**KIYOKUNI EUROPE LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	T Maruyama G S Davies
<b>Company secretary</b>	J Hajdasz
<b>Registered number</b>	02178087
<b>Registered office</b>	Holyhead Road Priorslee Telford Shropshire TF2 9TY
<b>Independent auditor</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

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**KIYOKUNI EUROPE LIMITED**

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**CONTENTS**

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	<b>Page</b>
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Independent auditor's report</b>	<b>4 - 6</b>
<b>Statement of comprehensive income</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Statement of changes in equity</b>	<b>9</b>
<b>Statement of cash flows</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 24</b>

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KIYOKUNI EUROPE LIMITED

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STRATEGIC REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2019

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**Introduction**

The principal activity of the company during the year was the manufacture of high precision metal pressing and assemblies.

**Business review**

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties that we face.

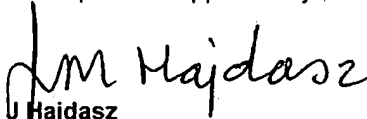
**Principal risks and uncertainties**

The Company monitors the risks it faces through informal discussions between the directors and management. Due to the spread of its customer base across a number of industries we believe there are no major risks and uncertainties facing operations

**Financial key performance indicators**

We consider that our key financial performance indicators are those that communicate to financial performance and strength of the company as a whole, these being turnover and profit margins. During the year the company's turnover increased by 5.56% to £13,396,939 (2018 - increased by 18.93%). Gross profit margin has fallen slightly to 17.71% (2018 - 19.6%) whilst operating profit for the year before exceptional items has decreased to £791,993 (2018 - £934,882). Profit before tax is £1,048,751 (2018 - 1,275,576). Overall, another positive year with continuing good performance all round.

This report was approved by the board on *6th October 2020* and signed on its behalf.

  
J Hajdasz  
Secretary

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## KIYOKUNI EUROPE LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

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The Directors present their report and the financial statements for the year ended 31 October 2019.

#### **Directors' responsibilities statement**

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £930,078 (2018 - £1,109,933).

#### **Directors**

The Directors who served during the year were:

T Maruyama  
G S Davies

#### **Future developments**

There have been no significant events affecting the Company since the year end. Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Company is a going concern. In light of the current climate in relation to the COVID-19 pandemic the Directors have reviewed the company's finances. In the short to medium term cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. In respect of long term plans we currently see no issues but we will continue to review the situation on an ongoing regular basis.

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KIYOKUNI EUROPE LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2019

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**Disclosure of information to auditor**


Each of the persons who are Directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *6th October 2020* and signed on its behalf.

  
J Hajdasz  
Secretary

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## KIYOKUNI EUROPE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIYOKUNI EUROPE LIMITED

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#### Opinion

We have audited the financial statements of Kiyokuni Europe Limited (the 'Company') for the year ended 31 October 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2019 and of its profit 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## KIYOKUNI EUROPE LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIYOKUNI EUROPE LIMITED (CONTINUED)

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#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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KIYOKUNI EUROPE LIMITED

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

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Mark Evans (Senior statutory auditor)

for and on behalf of  
Crowe U.K. LLP

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 7/10/2020

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KIYOKUNI EUROPE LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2019

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	Note	2019 £	2018 £
Turnover	4	13,396,939	12,692,093
Cost of sales		(11,023,353)	(10,199,081)
<b>Gross profit</b>		<b>2,373,586</b>	<b>2,493,012</b>
Distribution costs		(406,873)	(317,065)
Administrative expenses		(1,281,729)	(1,259,737)
Other operating income		17,009	18,672
<b>Operating profit</b>	5	<b>701,993</b>	<b>934,882</b>
Income from fixed assets investments		392,529	381,731
Interest receivable and similar income		6,606	1,955
Interest payable and expenses	10	(52,377)	(42,992)
<b>Profit before tax</b>		<b>1,048,751</b>	<b>1,275,576</b>
Tax on profit	11	(118,673)	(165,643)
<b>Profit for the financial year</b>		<b>930,078</b>	<b>1,109,933</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 24 form part of these financial statements.

**KIYOKUNI EUROPE LIMITED**  
**REGISTERED NUMBER: 02178087**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	12	3,005,487	3,267,057
Investments	13	585,058	585,058
Investment property	14	220,000	220,000
		<u>3,810,545</u>	<u>4,072,115</u>
<b>Current assets</b>			
Stocks	15	780,743	669,379
Debtors: amounts falling due within one year	16	2,348,944	2,449,104
Cash at bank and in hand		1,919,335	1,291,208
		<u>5,049,022</u>	<u>4,409,691</u>
Creditors: amounts falling due within one year	17	(2,589,621)	(2,280,492)
<b>Net current assets</b>		<u>2,459,401</u>	<u>2,129,199</u>
<b>Total assets less current liabilities</b>		<u>6,269,946</u>	<u>6,201,314</u>
Creditors: amounts falling due after more than one year	18	(269,842)	(1,245,474)
<b>Provisions for liabilities</b>			
Deferred tax	21	(238,359)	(124,173)
<b>Net assets</b>		<u><u>5,761,745</u></u>	<u><u>4,831,667</u></u>
<b>Capital and reserves</b>			
Called up share capital		600,000	600,000
Investment property reserve		128,500	128,500
Profit and loss account		5,033,245	4,103,167
		<u>5,761,745</u>	<u>4,831,667</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*6th October 2020*



**G S Davies**  
 Director

The notes on pages 11 to 24 form part of these financial statements.

**KIYOKUNI EUROPE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Called up share capital £	Investment property revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 November 2017</b>	<b>600,000</b>	<b>128,500</b>	<b>2,993,234</b>	<b>3,721,734</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	<b>1,109,933</b>	<b>1,109,933</b>
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>1,109,933</b>	<b>1,109,933</b>
<b>Total transactions with owners</b>	-	-	-	-
<b>At 1 November 2018</b>	<b>600,000</b>	<b>128,500</b>	<b>4,103,167</b>	<b>4,831,667</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	<b>930,078</b>	<b>930,078</b>
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>930,078</b>	<b>930,078</b>
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 October 2019</b>	<b>600,000</b>	<b>128,500</b>	<b>5,033,245</b>	<b>5,761,745</b>

The notes on pages 11 to 24 form part of these financial statements.

**KIYOKUNI EUROPE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	930,078	1,109,933
<b>Adjustments for:</b>		
Depreciation of tangible assets	389,412	342,260
Loss on disposal of tangible assets	-	(20,664)
Interest paid	52,377	42,992
Interest received	(399,135)	(383,686)
Taxation charge	118,673	165,643
(Increase) in stocks	(111,364)	(1,903)
Decrease/(increase) in debtors	100,160	(171,647)
Increase in creditors	185,058	349,811
(Decrease) in amounts owed to groups	(400,000)	(404,720)
Corporation tax (paid)	(3,737)	(3,432)
<b>Net cash generated from operating activities</b>	<b>861,522</b>	<b>1,024,587</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(127,842)	(1,074,603)
Sale of tangible fixed assets	-	26,741
Interest received	6,606	1,955
HP interest paid	(46,986)	(36,272)
Dividends received	392,529	381,731
<b>Net cash from investing activities</b>	<b>224,307</b>	<b>(700,448)</b>
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(452,311)	410,479
Interest paid	(5,391)	(6,720)
<b>Net cash used in financing activities</b>	<b>(457,702)</b>	<b>403,759</b>
<b>Net increase in cash and cash equivalents</b>	<b>628,127</b>	<b>727,898</b>
Cash and cash equivalents at beginning of year	1,291,208	563,310
<b>Cash and cash equivalents at the end of year</b>	<b>1,919,335</b>	<b>1,291,208</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,919,335	1,291,208
	<b>1,919,335</b>	<b>1,291,208</b>

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## KIYOKUNI EUROPE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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#### 1. General information

Kiyokuni Europe Limited manufacture high precision metal pressings and assemblies.

Kiyokuni Europe Limited is a private company limited by shares, which is incorporated and registered in England (no. 02178087). The address of the registered office is Holyhead Road, Priorslee, Telford, Shropshire, TF2 9TY.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

##### 2.2 Going concern

As stated in the Director's Report, Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Company is a going concern. In light of the current climate in relation to the COVID-19 pandemic the Directors have reviewed the company's finances. In the short to medium term cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. In respect of long term plans we currently see no issues but we will continue to regularly review the situation on an ongoing basis.

##### 2.3 Revenue

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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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KIYOKUNI EUROPE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, SELECT OR ENTER METHOD.

Depreciation is provided on the following basis:

Freehold land	- Not depreciated
Freehold buildings	- 4%
Plant & machinery	- 10-33%
Motor vehicles	- 25-33%
Assets under construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.5 Valuation of Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

*Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.*

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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KIYOKUNI EUROPE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**2. Accounting policies (continued)**

**2.9 Financial instruments (continued)**

derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Management have concluded that there are no significant judgments or estimates that have a material effect on the financial statements.

**4. Turnover**

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	12,991,819	12,428,587
Rest of the World	405,120	263,506
	<u>13,396,939</u>	<u>12,692,093</u>

**5. Operating profit**

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	62,710	48,875
Operating lease rentals	35,507	34,318
	<u>98,217</u>	<u>83,193</u>

**6. Auditor's remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>10,250</u>	<u>10,000</u>
<b>Fees payable to the Company's auditor in respect of:</b>		
Taxation compliance services	<u>2,565</u>	<u>2,500</u>

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**7. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	2,715,091	2,458,341
Social security costs	235,256	216,789
Cost of defined contribution scheme	121,255	111,689
	<u>3,071,602</u>	<u>2,786,819</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Production staff	93	88
Admin staff	21	18
	<u>114</u>	<u>106</u>

**8. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	84,737	79,885
Company contributions to defined contribution pension schemes	11,388	11,052
	<u>96,125</u>	<u>90,937</u>

During the year retirement benefits were accruing to 1 Director (2018 - 1) in respect of defined contribution pension schemes.

**9. Income from investments**

	2019 £	2018 £
Dividends received from unlisted investments	<u>392,529</u>	<u>381,731</u>

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**10. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loans from group undertakings	<b>5,391</b>	<b>6,720</b>
Finance leases and hire purchase contracts	<b>46,986</b>	<b>36,272</b>
	<b>52,377</b>	<b>42,992</b>

**11. Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>4,487</b>	<b>3,737</b>
<b>Total current tax</b>	<b>4,487</b>	<b>3,737</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>114,186</b>	<b>161,906</b>
<b>Total deferred tax</b>	<b>114,186</b>	<b>161,906</b>
<b>Taxation on profit on ordinary activities</b>	<b>118,673</b>	<b>165,643</b>

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KIYOKUNI EUROPE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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11. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,048,751</u>	<u>1,275,576</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	199,263	242,359
<b>Effects of:</b>		
Fixed asset differences	7,362	1,799
Exempt ABGH distributions	(74,581)	(72,516)
Expenses not deductible for tax purposes	62	391
Income not taxable for tax purposes	-	(182)
Chargeable gains/(losses)	-	12,767
Other differences leading to an increase (decrease) in the tax charge	(13,433)	(14,544)
Deferred tax not recognised	-	(4,431)
<b>Total tax charge for the year</b>	<u>118,673</u>	<u>165,643</u>

**Factors that may affect future tax charges**

The Company has approximately £0.87m (2018 - £1.52m) of tax losses available to be offset against future trading profits.

**KIYOKUNI EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

**12. Tangible fixed assets**

	Freehold property £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 November 2018	3,010,516	6,175,368	14,900	9,200,784
Additions	-	127,842	-	127,842
At 31 October 2019	<u>3,010,516</u>	<u>6,303,210</u>	<u>14,900</u>	<u>9,328,626</u>
<b>Depreciation</b>				
At 1 November 2018	2,110,782	3,812,595	10,350	5,933,727
Charge for the year on owned assets	31,380	353,482	4,550	389,412
At 31 October 2019	<u>2,142,162</u>	<u>4,166,077</u>	<u>14,900</u>	<u>6,323,139</u>
<b>Net book value</b>				
At 31 October 2019	<u>868,354</u>	<u>2,137,133</u>	<u>-</u>	<u>3,005,487</u>
At 31 October 2018	<u>899,734</u>	<u>2,362,773</u>	<u>4,550</u>	<u>3,267,057</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Plant and machinery	868,354	899,734
	<u>868,354</u>	<u>899,734</u>

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**13. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 November 2018	<b>585,058</b>
At 31 October 2019	<b>585,058</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
KW Painting Limited	C/O Kiyokuni Europe Ltd, Holyhead Road, Priorslee, Telford, TF2 9TY	Ordinary shares	49%
Kiyokuni Industry (Asia)Ltd	Rm. 802, 8/F, Cambridge House, 26-28 Cameron Road, Tsimshatsui, Kowloon, Hong Kong.	Ordinary shares	20%
PT Kiyokuni Indonesia	EJIP Industrial Park Plot 3K Cikarang Selatan - Bekasi Jawa Barat 17550.	Ordinary shares	48%

The aggregate of the share capital and reserves as at 31 October 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

<b>Name</b>	<b>Profit/(Loss) £</b>
KW Painting Limited	<b>100</b>
Kiyokuni Industry (Asia)Ltd	<b>13,711,606</b>
PT Kiyokuni Indonesia	<b>29,098,521</b>

**KIYOKUNI EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

**14. Investment property**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 November 2018	220,000
<b>At 31 October 2019</b>	<u>220,000</u>

The 2019 valuations were made by the Directors, on an open market value for existing use basis.

	<b>2019 £</b>	<b>2018 £</b>
<b>Revaluation reserves</b>		
At 1 November 2018	128,500	128,500
<b>At 31 October 2019</b>	<u>128,500</u>	<u>128,500</u>

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	<b>2019 £</b>	<b>2018 £</b>
Historic cost	<u>91,500</u>	<u>91,500</u>

**15. Stocks**

	<b>2019 £</b>	<b>2018 £</b>
Raw materials	365,780	321,509
Work in progress	222,600	164,233
Finished goods and goods for resale	192,363	183,637
	<u>780,743</u>	<u>669,379</u>

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**16. Debtors**

	2019 £	2018 £
Trade debtors	2,000,424	2,113,702
Other debtors	96,337	96,337
Prepayments and accrued income	252,183	239,065
	<u>2,348,944</u>	<u>2,449,104</u>

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	1,155,324	1,080,854
Amounts owed to group undertakings	200,000	-
Corporation tax	4,487	3,737
Other taxation and social security	248,804	268,987
Obligations under finance lease and hire purchase contracts	421,571	498,250
Other creditors	46,432	55,027
Accruals and deferred income	513,003	373,637
	<u>2,589,621</u>	<u>2,280,492</u>

**18. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	269,842	645,474
Amounts owed to group undertakings	-	600,000
	<u>269,842</u>	<u>1,245,474</u>

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**19. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	421,571	498,250
Between 1-5 years	192,580	395,580
Over 5 years	77,262	249,893
	<u>691,413</u>	<u>1,143,723</u>

**20. Financial instruments**

	2019 £	2018 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(2,606,172)</u>	<u>(3,253,242)</u>

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, finance leases and accruals.

**21. Deferred taxation**

	2019 £
At beginning of year	(124,173)
Charged to profit or loss	(114,186)
<b>At end of year</b>	<u><u>(238,359)</u></u>

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**21. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(375,147)	(371,815)
Tax losses carried forward	148,211	259,065
Capital gains	(11,423)	(11,423)
	<u>(238,359)</u>	<u>(124,173)</u>

**22. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. There were no contributions outstanding at the balance sheet date.

**23. Commitments under operating leases**

At 31 October 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	57,547	26,263
Later than 1 year and not later than 5 years	147,120	6,095
Later than 5 years	22,644	-
	<u>227,311</u>	<u>32,358</u>

**24. Related party transactions**

In the opinion of the Directors, the Company qualifies for, and has therefore taken advantage, of exemptions available under paragraph 33.1A of FRS 102 not to disclose certain related party transactions.

At the year end amounts owed to Kiyokuni Industry Co., Limited totalled £200,000 (2018 - £600,000). Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals is £96,125 (2018 - £90,937).

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**KIYOKUNI EUROPE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**25. Controlling party**

The ultimate parent undertaking of the company is Kiyokuni Industry Co., Limited, a company incorporated in Japan, whose registered office is at 13-16 Kiyohara-Co, Ota-City, Gunma Ken, Japan.

The ultimate controlling party is considered to be Mr Kuniyoshi Shimizu by virtue of his controlling shareholding in the ultimate parent undertaking.