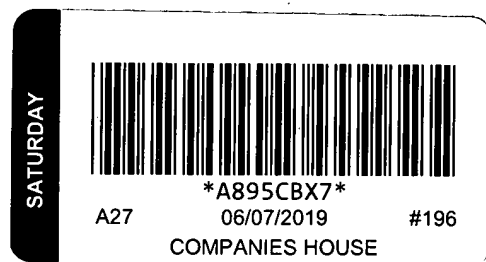


Registered number: 02178087

KIYOKUNI EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018



KIYOKUNI EUROPE LIMITED

COMPANY INFORMATION

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

KIYOKUNI EUROPE LIMITED

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KIYOKUNI EUROPE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2018**

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.

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 18.93% to £12,692,093 (2017 - increased by 24.99%). Gross profit margin has remained consistent at 19.6% (2017 - 18.9%) whilst operating profit for the year before exceptional items has increased to £934,882 (2017 - £779,121). Profit before tax is £1,275,576 (2017 - 1,110,169). These key performance indicators demonstrate the success of an internal focus on controlling costs to enable profit to be maintained whilst turnover increased.

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.

This report was approved by the board on *2nd July 2019* and signed on its behalf.


J Hajdasz
Secretary

KIYOKUNI EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2018**

The Directors present their report and the financial statements for the year ended 31 October 2018.

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 £1,109,933 (2017 - £979,257).

Directors

The Directors who served during the year were:

T Maruyama
G S Davies

Future developments

As for many companies of our size, the business environment in which we operate continues to be challenging. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However we will continue to show flexibility and respond to market conditions and opportunities as they arise. The outlook for 2019 is positive with new contracts secured to replace existing contracts that have come to an end.

KIYOKUNI EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2018

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 2nd July 2019 and signed on its behalf.


J Hajdasz
Secretary

KIYOKUNI EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KIYOKUNI EUROPE LIMITED

Opinion

We have audited the financial statements of Kiyokuni Europe Limited (the 'Company') for the year ended 31 October 2018, 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 2018 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.

KIYOKUNI EUROPE LIMITED

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

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.

KIYOKUNI EUROPE LIMITED

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

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. This description forms part of our Auditor's report.

Use of our report

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.

Mark Evans U.K. 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: *2nd July 2019*

KIYOKUNI EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	2018 £	2017 £
Turnover	4	12,692,093	10,672,125
Cost of sales		(10,199,081)	(8,652,153)
Gross profit		2,493,012	2,019,972
Distribution costs		(317,065)	(239,162)
Administrative expenses		(1,259,737)	(1,059,730)
Other operating income		18,672	18,041
Fair value movements		-	40,000
Operating profit	5	934,882	779,121
Income from fixed assets investments		381,731	368,189
Interest receivable and similar income		1,955	691
Interest payable and expenses	10	(42,992)	(37,832)
Profit before tax		1,275,576	1,110,169
Tax on profit	11	(166,643)	(130,912)
Profit for the financial year		1,109,933	979,257

There was no other comprehensive income for 2018 (2017:ENIL).

The notes on pages 11 to 22 form part of these financial statements.

KIYOKUNI EUROPE LIMITED
REGISTERED NUMBER: 02178087

BALANCE SHEET
AS AT 31 OCTOBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	3,267,057	2,540,791
Investments	13	585,058	585,058
Investment property	14	220,000	220,000
		<u>4,072,115</u>	<u>3,345,849</u>
Current assets			
Stocks	15	669,379	667,476
Debtors: amounts falling due within one year	16	2,449,104	2,315,190
Cash at bank and in hand		1,291,208	563,310
		<u>4,409,691</u>	<u>3,545,976</u>
Creditors: amounts falling due within one year	17	(2,280,492)	(1,738,283)
Net current assets		<u>2,129,199</u>	<u>1,807,693</u>
Total assets less current liabilities		<u>6,201,314</u>	<u>5,153,542</u>
Creditors: amounts falling due after more than one year	18	(1,245,474)	(1,431,808)
Provisions for liabilities			
Deferred tax	21	(124,173)	-
Net assets		<u><u>4,831,667</u></u>	<u><u>3,721,734</u></u>
Capital and reserves			
Called up share capital		600,000	600,000
Investment property reserve		128,500	128,500
Profit and loss account		4,103,167	2,993,234
		<u>4,831,667</u>	<u>3,721,734</u>

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

2 July 2019



G S Davies
 Director

The notes on pages 11 to 22 form part of these financial statements.

KIYOKUNI EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2018**

	Called up share capital £	Investment property revaluation reserve £	Profit and loss account £	Total equity £
At 1 November 2016	600,000	88,500	2,053,977	2,742,477
Comprehensive income for the year				
Profit for the year	-	-	979,257	979,257
Total comprehensive income for the year	-	-	979,257	979,257
Surplus on Investment property revaluation	-	-	-	-
Surplus on Investment property revaluation	-	-	(40,000)	(40,000)
Transfer between other reserves	-	40,000	-	40,000
Total transactions with owners	-	40,000	(40,000)	-
At 1 November 2017	600,000	128,500	2,993,234	3,721,734
Comprehensive income for the year				
Profit for the year	-	-	1,109,933	1,109,933
Total comprehensive income for the year	-	-	1,109,933	1,109,933
Total transactions with owners	-	-	-	-
At 31 October 2018	600,000	128,500	4,103,167	4,831,667

The notes on pages 11 to 22 form part of these financial statements.

KIYOKUNI EUROPE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,109,933	979,257
Adjustments for:		
Depreciation of tangible assets	342,260	281,671
Loss on disposal of tangible assets	(20,664)	-
Interest paid	42,992	37,832
Interest received	(383,686)	(368,880)
Taxation charge	165,643	130,912
(Increase) in stocks	(1,903)	(206,048)
(Increase) in debtors	(171,647)	(667,759)
Increase in creditors	349,811	190,431
(Decrease)/increase in amounts owed to groups	(404,720)	220,780
Net fair value losses/(gains) recognised in P&L	-	(40,000)
Corporation tax (paid)/received	(3,432)	-
Net cash generated from operating activities	1,024,587	558,196
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,074,603)	(1,001,559)
Sale of tangible fixed assets	26,741	-
Interest received	1,955	691
HP interest paid	(36,272)	(29,702)
Dividends received	381,731	368,189
Net cash from investing activities	(700,448)	(662,381)
Cash flows from financing activities		
Repayment of/new finance leases	410,479	(7,773)
Interest paid	(6,720)	(8,130)
Net cash used in financing activities	403,759	(15,903)
Net increase/(decrease) in cash and cash equivalents	727,898	(120,088)
Cash and cash equivalents at beginning of year	563,310	683,398
Cash and cash equivalents at the end of year comprise:		
Cash and cash equivalents at the end of year	1,291,208	563,310

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

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 Revenue

Revenue is recognised for part sales once goods have been shipped. Revenue from tooling is recognised based on customer agreed stage payments which reflect the stage of completion.

2.3 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.

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

2.4 Valuation of Investments

Investments in associates are measured at cost less accumulated impairment. Dividends and other distributions received from investments are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

KIYOKUNI EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

2. Accounting policies (continued)

2.5 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.

2.6 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Creditors

Short term creditors are measured at the transaction price.

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:

	2018 £	2017 £
United Kingdom	12,428,587	10,665,345
Rest of Europe	263,506	6,780
	<u>12,692,093</u>	<u>10,672,125</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	342,260	281,671
Exchange differences	48,875	54,062
Operating lease rentals	34,318	33,513
	<u>342,260</u>	<u>281,671</u>

6. Auditor's remuneration

Fees payable to the Company's auditor and its associates in respect of:

Audit-related assurance services	12,500	10,000
Fees payable to the Company's auditor in respect of all other services	2,500	2,500
	<u>12,500</u>	<u>10,000</u>

7. Employees

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

	2018	2017
	£	£
Wages and salaries	2,458,341	2,008,250
Social security costs	216,789	176,311
Cost of defined contribution scheme	111,689	94,946
	<u>2,786,819</u>	<u>2,279,507</u>

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

	2018	2017
	No.	No.
Production staff	88	73
Admin staff	18	18
	<u>106</u>	<u>91</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	79,885	75,167
Company contributions to defined contribution pension schemes	11,052	10,728
	<u>90,937</u>	<u>85,895</u>

During the year retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

9. Income from investments

	2018 £	2017 £
Dividends received from unlisted investments	<u>381,731</u>	<u>368,189</u>

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	-	7,117
Loans from group undertakings	6,720	1,013
Finance leases and hire purchase contracts	36,272	29,702
	<u>42,992</u>	<u>37,832</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	3,737	3,432
Total current tax	3,737	3,432
Deferred tax		
Origination and reversal of timing differences	161,906	127,480
Total deferred tax	161,906	127,480
Taxation on profit on ordinary activities	165,643	130,912

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.41%) The difference are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,275,576	1,110,169
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	242,359	215,525
Effects of:		
Fixed asset differences	1,799	3,560
Exempt ABGH distributions	(72,516)	(71,479)
Expenses not deductible for tax purposes	391	274
Income not taxable for tax purposes	(182)	(7,951)
Chargeable gains/(losses)	12,767	-
Other differences leading to an increase (decrease) in the tax charge	(14,544)	4,055
Deferred tax not recognised	(4,431)	(13,072)
Total tax charge for the year	165,643	130,912

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

11. Taxation (continued)

Factors that may affect future tax charges

The Company has approximately £1.52 million (2017 - £2.2 million) of tax losses available to be offset against future trading profits.

12. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 November 2017	3,016,593	5,531,003	14,900	8,562,496
Additions	-	1,074,603	-	1,074,603
Disposals	(6,077)	(430,238)	-	(436,315)
At 31 October 2018	<u>3,010,516</u>	<u>6,175,368</u>	<u>14,900</u>	<u>9,200,784</u>
Depreciation				
At 1 November 2017	2,079,948	3,936,375	5,382	6,021,705
Charge for the year on owned assets	30,834	306,458	4,968	342,260
Disposals	-	(430,238)	-	(430,238)
At 31 October 2018	<u>2,110,782</u>	<u>3,812,595</u>	<u>10,350</u>	<u>5,933,727</u>
Net book value				
At 31 October 2018	<u>899,734</u>	<u>2,362,773</u>	<u>4,550</u>	<u>3,267,057</u>
At 31 October 2017	<u>936,645</u>	<u>1,594,628</u>	<u>9,518</u>	<u>2,540,791</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Plant and machinery	<u>1,651,959</u>	<u>1,087,748</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2017	585,058
At 31 October 2018	585,058

Associate undertakings

The following were associate undertakings of the Company:

Name	Registered office	Class of shares	Holding
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 2018 and the profit or loss for the year ended on that date for the associate undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
KW Painting Limited	100	-
Kiyokuni Industry (Asia)Ltd	13,711,606	766,432
PT Kiyokuni Indonesia	29,098,521	2,863,436

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

14. Investment property

	Freehold investment property £
Valuation	
At 1 November 2017	220,000
At 31 October 2018	<u>220,000</u>

The 2018 valuations were made by the Directors, on an open market value for existing use basis.

	2018 £	2017 £
Revaluation reserves		
At 1 November 2017	128,500	88,500
Net surplus/(deficit) in movement properties	-	40,000
At 31 October 2018	<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:

	2018 £	2017 £
Historic cost	<u>91,500</u>	<u>91,500</u>

15. Stocks

	2018 £	2017 £
Raw materials	321,509	302,098
Work in progress	164,233	150,250
Finished goods and goods for resale	183,637	215,128
	<u>669,379</u>	<u>667,476</u>

KIYOKUNI EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

16. Debtors

	2018 £	2017 £
Trade debtors	2,113,702	2,084,173
Other debtors	96,337	96,337
Prepayments and accrued income	239,065	96,947
Deferred taxation	-	37,733
	<u>2,449,104</u>	<u>2,315,190</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,080,854	1,052,109
Amounts owed to group undertakings	-	6,720
Corporation tax	3,737	3,432
Other taxation and social security	268,987	229,608
Obligations under finance lease and hire purchase contracts	498,250	299,437
Other creditors	55,027	35,991
Accruals and deferred income	373,637	110,986
	<u>2,280,492</u>	<u>1,738,283</u>

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	645,474	433,808
Amounts owed to group undertakings	600,000	998,000
	<u>1,245,474</u>	<u>1,431,808</u>

KIYOKUNI EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	498,250	299,437
Between 1-5 years	395,580	279,433
Over 5 years	249,893	154,777
	<u>1,143,723</u>	<u>733,647</u>

20. Financial Instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,291,208	563,310
Financial assets that are debt instruments measured at amortised cost	2,210,039	2,180,510
	<u>3,501,247</u>	<u>2,743,820</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(2,109,518)</u>	<u>(2,937,051)</u>
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Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors but excludes taxation debtors and prepayments.

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

21. Deferred taxation

	2018 £
At beginning of year	37,733
Charged to profit or loss	(161,906)
At end of year	<u>(124,173)</u>

KIYOKUNI EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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21. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(371,815)	(335,357)
Tax losses carried forward	259,065	373,090
Capital gains	(11,423)	-
	<u>(124,173)</u>	<u>37,733</u>

22. Pension commitments

There were no contributions outstanding at the balance sheet date.

23. Commitments under operating leases

At 31 October 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	26,263	29,362
Later than 1 year and not later than 5 years	6,095	31,474
	<u>32,358</u>	<u>60,836</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

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.

	2018	2017
	£	£
Kiyokuni Corporation	-	-
Dalian Kiyokuni High Technology Products Co. Ltd	-	-
Kiyokuni industry co Ltd	600,000	1,004,720

Key management personnel

All 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 £90,937 (2017 - £85,895).

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.