

Registered number: 02178087

KIYOKUNI EUROPE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020



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

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8 - 9
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

KIYOKUNI EUROPE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2020**

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 decreased by 19.86% to £10,736,188 (2019 increased by 5.56%). Gross profit margin has fallen to 9.25% (2019 17.71%) whilst also recognising a operating loss for the year before exceptional items of £388,323 after recognising a profit in the previous period (2019 £791,993). The loss before tax is £39,146 (2019 Profit £1,048,751). Both the fall in the level of Sales and the reduction in profitability are primarily due to the effect of the Covid 19 Pandemic both directly on the business and indirectly on our customers resulting in a prolonged closure of the business then reduced demand levels following reopening. We expect Sales and Profitability to both substantially recover during the current year as the economy reopens and supply chain issues caused by business shutdowns due to Covid 19 are resolved.

This report was approved by the board and signed on its behalf.


J. Hajdasz
Secretary

Date: 15/06/21

KIYOKUNI EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2020**

The Directors present their report and the financial statements for the year ended 31 October 2020.

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 £4,725 (2019 - £930,078).

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.

KIYOKUNI EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020

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 and signed on its behalf.



J. Hajdasz
Secretary

Date: 15/06/21

KIYOKUNI EUROPE LIMITED

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

Opinion

We have audited the financial statements of Kiyokuni Europe Limited (the 'Company') for the year ended 31 October 2020, 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 2020 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.

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 MEMBERS 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out 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.

KIYOKUNI EUROPE LIMITED

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

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.

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: *13/7/2021*

KIYOKUNI EUROPE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Note	2020 £	2019 £
Turnover	4	10,736,188	13,396,939
Cost of sales		(9,743,435)	(11,023,353)
Gross profit		992,753	2,373,586
Distribution costs		(405,006)	(406,873)
Administrative expenses		(1,319,480)	(1,281,729)
Other operating income	5	342,210	17,009
Operating (loss)/profit	6	(389,523)	701,993
Income from fixed assets investments		385,405	392,529
Interest receivable and similar income		4,493	6,606
Interest payable and expenses	11	(40,721)	(52,377)
(Loss)/profit before tax		(40,346)	1,048,751
Tax on (loss)/profit	12	45,071	(118,673)
Profit for the financial year		4,725	930,078

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

KIYOKUNI EUROPE LIMITED
REGISTERED NUMBER: 02178087

BALANCE SHEET
AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	2,887,712	3,005,487
Investments	14	585,058	585,058
Investment property	15	220,000	220,000
		<u>3,692,770</u>	<u>3,810,545</u>
Current assets			
Stocks	16	807,716	780,743
Debtors: amounts falling due within one year	17	2,265,566	2,348,944
Cash at bank and in hand		1,310,232	1,919,335
		<u>4,383,514</u>	<u>5,049,022</u>
Creditors: amounts falling due within one year	18	(2,006,796)	(2,589,621)
Net current assets		<u>2,376,718</u>	<u>2,459,401</u>
Total assets less current liabilities		<u>6,069,488</u>	<u>6,269,946</u>
Creditors: amounts falling due after more than one year	19	(104,625)	(269,842)
Provisions for liabilities			
Deferred tax	22	(198,393)	(238,359)
Net assets		<u><u>5,766,470</u></u>	<u><u>5,761,745</u></u>
Capital and reserves			
Called up share capital		600,000	600,000
Investment property reserve		128,500	128,500
Profit and loss account		5,037,970	5,033,245
		<u>5,766,470</u>	<u>5,761,745</u>

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


G S Davies
Director

Date: 15.06.21

The notes on pages 11 to 23 form part of these financial statements.

KIYOKUNI EUROPE LIMITED
REGISTERED NUMBER: 02178087

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2020

	Called up share capital £	Investment property revaluation reserve £	Profit and loss account £	Total equity £
At 1 November 2018	600,000	128,500	4,103,167	4,831,667
Comprehensive income for the year				
Profit for the year	-	-	930,078	930,078
At 1 November 2019	600,000	128,500	5,033,245	5,761,745
Comprehensive income for the year				
Profit for the year	-	-	4,725	4,725
At 31 October 2020	600,000	128,500	5,037,970	5,766,470

The notes on pages 11 to 23 form part of these financial statements.

KIYOKUNI EUROPE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	4,725	930,078
Adjustments for:		
Depreciation of tangible assets	395,647	389,412
Loss on disposal of tangible assets	(3,000)	-
Interest paid	40,721	52,377
Interest received	(389,898)	(399,135)
Taxation charge	(45,071)	118,673
(Increase) in stocks	(26,973)	(111,364)
Decrease in debtors	83,378	100,160
(Decrease)/increase in creditors	(151,840)	185,058
(Decrease) in amounts owed to groups	(200,000)	(400,000)
Corporation tax received/(paid)	618	(3,737)
Net cash generated from operating activities	(291,693)	861,522
Cash flows from investing activities		
Purchase of tangible fixed assets	(277,872)	(127,842)
Sale of tangible fixed assets	3,000	-
Interest received	4,493	6,606
HP interest paid	(39,185)	(46,986)
Dividends received	385,405	392,529
Net cash from investing activities	75,841	224,307
Cash flows from financing activities		
Repayment of/new finance leases	(391,715)	(452,311)
Interest paid	(1,536)	(5,391)
Net cash used in financing activities	(393,251)	(457,702)
Net (decrease)/increase in cash and cash equivalents	(609,103)	628,127
Cash and cash equivalents at beginning of year	1,919,335	1,291,208
Cash and cash equivalents at the end of year	1,310,232	1,919,335
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,310,232	1,919,335
	1,310,232	1,919,335

KIYOKUNI EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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 Government grants

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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.

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)

2.10 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 ordinary shares.

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:

	2020 £	2019 £
United Kingdom	9,996,322	12,991,819
Rest of the World	739,866	405,120
	<u>10,736,188</u>	<u>13,396,939</u>

5. Other operating income

	2020 £	2019 £
Government grant income	317,006	-
Net rents receivable	18,180	17,009
RDEC claim	7,024	-
	<u>342,210</u>	<u>17,009</u>

The Company has been eligible to claim additional funding in the year to 31 December 2020 from the Coronavirus Job Retention Scheme (CJRS) provided by the Government in response to the COVID-19 pandemic. The funding received of £317,006 relates to staff costs incurred.

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
Exchange differences	(28,595)	62,710
Operating lease rentals	64,066	35,507
	<u>64,066</u>	<u>35,507</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	10,500	10,250
	<u>10,500</u>	<u>10,250</u>
Fees payable to the Company's auditor in respect of:		
Taxation compliance services	2,565	2,565
	<u>2,565</u>	<u>2,565</u>

8. Employees

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

	2020 £	2019 £
Wages and salaries	2,801,711	2,715,091
Social security costs	253,219	235,256
Cost of defined contribution scheme	116,120	121,255
	<u>3,171,050</u>	<u>3,071,602</u>

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

	2020 No.	2019 No.
Production staff	97	93
Admin staff	22	21
	<u>119</u>	<u>114</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	81,870	84,737
Company contributions to defined contribution pension schemes	11,388	11,388
	93,258	96,125

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.

10. Income from investments

	2020	2019
	£	£
Dividends received from unlisted investments	385,405	392,529

11. Interest payable and similar expenses

	2020	2019
	£	£
Loans from group undertakings	1,536	5,391
Finance leases and hire purchase contracts	39,185	46,986
	40,721	52,377

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	-	4,487
Adjustments in respect of previous periods	(5,105)	-
Total current tax	(5,105)	4,487
Deferred tax		
Origination and reversal of timing differences	(69,601)	114,186
Adjustments in respect of prior periods	1,425	-
Effect of tax rate change on opening balance	28,210	-
Total deferred tax	(39,966)	114,186
Taxation on (loss)/profit on ordinary activities	(45,071)	118,673
Factors affecting tax charge for the year		
<p>The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:</p>		
	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(40,346)	1,048,751
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(7,666)	199,263
Effects of:		
Fixed asset differences	7,362	7,362
Exempt ABGH distributions	(73,227)	(74,581)
Expenses not deductible for tax purposes	233	62
Adjustments in respect of prior periods	(3,680)	-
Income not taxable for tax purposes	(1,335)	-
Losses carried back	5,031	-
Other differences leading to an increase (decrease) in the tax charge	-	(13,433)
Effect of tax rate change on opening balance	28,211	-
Total tax charge for the year	(45,071)	118,673

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

12. Taxation (continued)

Factors that may affect future tax charges

The Company has approximately £1.35m (2019 - £0.87m) of tax losses available to be offset against future trading profits.

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 November 2019	3,010,516	6,303,210	14,900	9,328,626
Additions	-	277,872	-	277,872
Disposals	-	(18,500)	-	(18,500)
At 31 October 2020	<u>3,010,516</u>	<u>6,562,582</u>	<u>14,900</u>	<u>9,587,998</u>
Depreciation				
At 1 November 2019	2,142,162	4,166,077	14,900	6,323,139
Charge for the year on owned assets	31,380	364,267	-	395,647
Disposals	-	(18,500)	-	(18,500)
At 31 October 2020	<u>2,173,542</u>	<u>4,511,844</u>	<u>14,900</u>	<u>6,700,286</u>
Net book value				
At 31 October 2020	<u>836,974</u>	<u>2,050,738</u>	-	<u>2,887,712</u>
At 31 October 2019	<u>868,354</u>	<u>2,137,133</u>	-	<u>3,005,487</u>

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

	2020 £	2019 £
Plant and machinery	<u>1,066,560</u>	<u>1,493,407</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

14. Fixed asset investments

	Investments in associates companies £
Cost or valuation	
At 1 November 2019	585,058
At 31 October 2020	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 2020 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	11,022,603	88,397
PT Kiyokuni Indonesia	32,226,326	2,412,697

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

15. Investment property

	Freehold investment property £
Valuation	
At 1 November 2019	220,000
At 31 October 2020	<u>220,000</u>

The 2020 valuations were made by the Directors, on an open market value for existing use basis.

	2020 £	2019 £
Revaluation reserves		
At 1 November 2019	128,500	128,500
At 31 October 2020	<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:

	2020 £	2019 £
Historic cost	<u>91,500</u>	<u>91,500</u>

16. Stocks

	2020 £	2019 £
Raw materials	371,996	365,780
Work in progress	240,577	222,600
Finished goods and goods for resale	195,143	192,363
	<u>807,716</u>	<u>780,743</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

17. Debtors

	2020 £	2019 £
Trade debtors	1,873,864	2,000,424
Other debtors	96,337	96,337
Prepayments and accrued income	283,236	252,183
Tax recoverable	12,129	-
	<u>2,265,566</u>	<u>2,348,944</u>

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,386,649	1,155,324
Amounts owed to group undertakings	-	200,000
Corporation tax	-	4,487
Other taxation and social security	224,748	248,804
Obligations under finance lease and hire purchase contracts	195,073	421,571
Other creditors	14,379	46,432
Accruals and deferred income	185,947	513,003
	<u>2,006,796</u>	<u>2,589,621</u>

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	104,625	269,842
	<u>104,625</u>	<u>269,842</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	195,073	421,571
Between 1-5 years	104,625	192,580
Over 5 years	-	77,262
	<u>299,698</u>	<u>691,413</u>

21. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are equity instruments measured at cost less impairment	<u>2,144,468</u>	<u>2,093,024</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,872,294)</u>	<u>(2,606,172)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors but excludes taxation debtors and prepayments.

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

22. Deferred taxation

	2020 £
At beginning of year	(238,359)
Charged to profit or loss	39,966
At end of year	<u>(198,393)</u>

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(442,505)	(375,147)
Tax losses carried forward	256,879	148,211
Capital gains	(12,767)	(11,423)
	<u>(198,393)</u>	<u>(238,359)</u>

23. 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.

24. Commitments under operating leases

At 31 October 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	58,098	57,547
Later than 1 year and not later than 5 years	129,059	147,120
Later than 5 years	19,428	22,644
	<u>206,585</u>	<u>227,311</u>

25. 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 £NIL (2019 - £200,000). 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 £93,258 (2019 - £96,125).

KIYOKUNI EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

26. 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.