

NDK Europe Limited

Strategic report, directors' report and
financial statements

Registered number 02272407

For Year Ended 31 March 2018

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Strategic report

The directors present their strategic report, directors' report and financial statements for the year ended 31 March 2018.

Principal activities

The Company's principal activity throughout the year continued to be the importing, distributing, selling and exporting of crystal timing units and other crystal devices. The Company also continued to generate commission income from the same type of business activities.

Business review

During the year ended 31 March 2018, the Company continued to operate in a difficult economic environment with a high cost base. Key Performance Indicators for the year are:

	2018 <u>JPYm</u>	2017 <u>JPYm</u>
Turnover	5,641.3	5,451.7
Gross Profit	734.8	682.7
Profit before Taxation	90.1	111.1

Dividends totalling JPY 700.0m were paid during the year under review for the year ended 31 March 2018 (dividends of JPY 200.0m were paid during the year ended 31 March 2017).


Principal risks and uncertainties

The key challenge facing the Company's business in Europe continues to derive from the recent decline of the mobile telecommunications industry, which has now largely moved to Asia. The Company has met this challenge by increasing sales to the automotive industry, but margins remain very competitive.

The Company's long term strategy is to add to its range of electronic products in the automotive industry with the introduction of TPMS (Tyre Pressure Monitoring System) and ADAS (Advanced Driving Assistance Systems) such as millimetre wave radar and reversing camera. The Company also plans to improve margins by focusing on developments within the high-end products market, including communication infrastructure, core network equipment, space and aviation, smart metering and IOT (internet of things).

Other risks and uncertainties facing the business include exposure to fluctuations in foreign exchange rates because the Company issues invoices to its customers in various currencies, predominantly in US dollars and Japanese yen, but pays for overhead expenses in Sterling and Euros.

By order of the board


H Oikawa
Director

Date : 19 December 2018

River Reach
31-35 High Street
Kingston upon Thames
Surrey
KT1 1LF

Directors' report

Proposed dividend

An interim dividend of JPY300.0m was paid on 14 September 2017. A second interim dividend of JPY400.0m was paid on 23 February 2018. During the year ended 31 March 2017, the total of the dividends paid was JPY 200.0m

Directors and directors' interests

The directors who held office during the year were as follows:

Mr K Niino
Mr Y Ito
Mr H Oikawa

On 13 April 2017, Mr K Niino resigned as a director and Mr H Oikawa was appointed.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of NDK Europe Limited or its subsidiaries.

Following the repeal of Section 343 and section 720 of the Companies Act 2006 from 6 April 2008, the Company has not disclosed details of directors' interests in the shares and share options in Nihon Dempa Kogyo Company Limited, the Company's ultimate parent company.

Employees

The group takes its responsibilities to its employees seriously. It is committed to equality and opportunity and aims to treat all of its employees fairly in every aspect of employment. It is committed to giving employees the opportunity to maximise their potential.

Political contributions

The Company made no political contributions and it did not incur any political expenditure during the current or prior year.


Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


H Oikawa
Director

River Reach
31-35 High Street
Kingston upon Thames
Surrey
KT1 1LF

Date : 19 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of NDK Europe Limited ("the company") for the year ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NDK EUROPE LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.


Timothy Rush (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Date: th20 December 2018

Statement of Income and Retained Earnings
for the year ended 31 March 2018

	<i>Note</i>	2018 JPYm	2017 JPYm
Turnover	1	5,643.1	5,451.7
Cost of sales		(4,908.3)	(4,769.0)
		<hr/>	<hr/>
Gross profit		734.8	682.7
Selling and general administrative expenses		(629.4)	(577.2)
		<hr/>	<hr/>
Operating profit		105.4	105.5
		<hr/>	<hr/>
Dividends received	6	0.0	1.1
Net interest and similar income/(charges)	7	(15.3)	4.5
		<hr/>	<hr/>
Profit before taxation	3	90.1	111.1
Tax on profit for the financial year	8	(43.5)	(61.8)
		<hr/>	<hr/>
Profit for the financial year		46.6	49.3
		<hr/> <hr/>	<hr/> <hr/>
Retained earnings at beginning of year		977.9	1,128.6
Profit for the financial year		46.6	49.3
Dividends paid	9	(700.0)	(200.0)
		<hr/>	<hr/>
Retained earnings at end of year		324.5	977.9
		<hr/> <hr/>	<hr/> <hr/>

The company's turnover and operating profits were derived from continuing activities.

The notes on pages 8 to 21 form part of these Financial Statements.

Balance Sheet
At 31 March 2018

	Note	2018 JPYm	2017 JPYm
Non-current assets			
Intangible assets	10	22.6	10.5
Tangible assets	11	4.6	7.2
Investments	12	5.9	5.6
Total Fixed Assets		<u>33.1</u>	<u>23.3</u>
Deferred tax assets	13	39.3	36.9
		<u>72.4</u>	<u>60.2</u>
Current assets			
Stocks	14	573.2	496.7
Debtors	15	1,330.3	1,258.3
Deferred tax assets	13	0.3	27.6
Cash at bank and in hand		526.9	764.5
		<u>2,430.7</u>	<u>2,547.1</u>
Creditors: amounts falling due within one year	16	<u>(2,111.0)</u>	<u>(1,564.7)</u>
Net current assets		<u>319.7</u>	<u>982.4</u>
Total assets less current liabilities		<u>392.1</u>	<u>1,042.6</u>
Non-current liabilities			
Provisions	17	(21.2)	(18.3)
Net assets		<u>370.9</u>	<u>1,024.3</u>
Capital and reserves			
Called up share capital	18	46.4	46.4
Profit and loss account	19	324.5	977.9
Shareholders' funds		<u>370.9</u>	<u>1,024.3</u>

The notes on pages 8 to 21 form part of these Financial Statements.

These financial statements were approved by the board of directors on 19 December 2018 and were signed on its behalf by:


H Oikawa
Director

Company registration number 02272407

Notes

(forming part of the financial statements)

1 Accounting policies

NDK Europe Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

The Company's ultimate parent undertaking, Nihon Dempa Kogyo Company Limited includes the Company in its consolidated financial statements. As the Company is a wholly owned subsidiary of Nihon Dempa Kogyo Company Limited, the Company has taken advantage of the exemption contained in FRS102 section 33 and has therefore not disclosed transactions or balances with other wholly owned entities in the group. The consolidated financial statements of Nihon Dempa Kogyo Company Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Merkmal Keio Sasazuka Building 6F, 1-47-1 Sasazuka, Shibuya-Ku, Tokyo 151-8569, Japan. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Nihon Dempa Kogyo Company Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

Going Concern

The Company remains in a net asset position. After making enquiries, and taking into account the cash flow forecasts of the Company, the Directors have a reasonable expectation that the Company have adequate resources for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover for the year is mainly derived from goods for resale. In addition, the Company receives commission income.

All direct external sales represent the invoiced value of goods and services supplied, net of value added tax and trade discounts.

Post-retirement benefits

The Company contributes to defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Functional and presentation currency

These financial statements are presented in Japanese Yen (JPY) which, following the merger with NDK Italy Srl, became the Company's functional currency from 01 April 2014. All financial information presented in JPY has been rounded to the nearest hundred thousand, except when otherwise stated.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Tangible assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	4 years
Fixtures and fittings	-	5 years
Computer equipment	-	5 years
Leasehold improvements	-	Over period of the lease

Notes (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leases

The Company has no finance leases; therefore all leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Investments

Investments in third parties are re-valued annually to market value.

Goodwill and other intangible assets

Goodwill arising on asset acquisitions is capitalised and subject to an impairment review. The fair value attributable is determined by discounting the expected future cash flows to be generated from individual acquisitions. Where the fair value of an individual acquisition is lower than the amount of its capitalised cost, the asset is amortised over its estimated useful life within a period of less than five years.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets are amortised using the straight line basis over five years.

Notes (continued)

2 Segmental analysis

NDK has only one class of business (that of the importation, distribution and sale of crystal timing units and other crystal devices).

The Company's income is mainly derived from the direct sales of these units and devices. In addition, the Company receives commission income. The geographical analysis is as follows:

	2018 JPYm	2017 JPYm
Europe	4,757.8	4,514.0
Rest of World	885.3	937.7
	<u>5,643.1</u>	<u>5,451.7</u>

3 Expenses and auditor's remuneration

	2018 JPYm	2017 JPYm
<i>Included in Profit/Loss are the following:</i>		
Auditor's remuneration:		
Audit of these financial statements	8.8	12.8
Legal services	1.3	1.5
Other services relating to taxation	1.3	1.8
Depreciation and amortisation	8.3	10.1
Hire of buildings – operating leases:		
Rent	40.6	38.3
Foreign exchange (losses)/gains	(16.3)	3.2
Profit on disposal of fixed assets	0	(1.6)
	<u> </u>	<u> </u>

4 Directors' remuneration

	2018 JPYm	2017 JPYm
Directors' remuneration	24.1	29.0
	<u> </u>	<u> </u>

Two directors received emoluments during the year (2017: 1 paid director). The emoluments of the highest paid director were JPY23.3m (2017: JPY29.0m). No pension contributions were paid.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, were as follows:

	Number of employees 2018	2017
Sales	20	20
Administration	9	9
	<hr/> 29	<hr/> 29
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2018 JPYm	2017 JPYm
Wages and salaries	269.9	249.7
Social security costs	55.2	48.6
Contributions to defined contribution plans	9.8	8.8
	<hr/> 334.9	<hr/> 307.1
	<hr/> <hr/>	<hr/> <hr/>

6 Dividends received

Dividends received on liquidation of subsidiary company

	2018 JPYm	2017 JPYm
	0.0	1.1
	<hr/> 0.0	<hr/> 1.1
	<hr/> <hr/>	<hr/> <hr/>

7 Net interest receivable/(payable) and similar income/(charges)

	2018 JPYm	2017 JPYm
Net foreign exchange (losses)/gains	(16.3)	3.2
Other	1.0	1.3
	<hr/> (15.3)	<hr/> 4.5
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Taxation

Analysis of charge in year

	2018		2017
	JPYm	JPYm	JPYm
Current tax on income for the year			
Italian tax	16.8		30.2
Other overseas tax	2.1		2.8
Italian tax for prior years	(0.3)		16.2
	<hr/>		<hr/>
Total current tax charge	18.6		49.2
Deferred tax charge/(credit) (Note 13)	24.9		12.6
		<hr/>	<hr/>
Tax on profit (2017: profit) on ordinary activities		43.5	61.8
		<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below.

	2018	2017
	JPYm	JPYm
<i>Tax on profit reconciliation</i>		
Profit (2017: profit) on ordinary activities before tax	90.1	111.1
	<hr/>	<hr/>
Notional tax charge	17.1	22.2
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9.2	6.1
Dividends received	0.0	(0.2)
Losses of previous years now recognised	0.3	(5.3)
Change of tax rate	3.4	1.9
Differences in overseas tax rates	13.2	26.8
Adjustments in respect to previous years	(0.2)	9.4
Other	0.5	0.9
	<hr/>	<hr/>
Total tax charge (see above)	43.5	61.8
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future current tax charge accordingly. There are no other factors that may significantly impact the future tax charge.

Notes (continued)

9 Dividends Paid

	2018 JPYm	2017 JPYm
Dividends in respect to current year:		
Interim	300.0	0.0
Final	400.0	200.0
	<u>700.0</u>	<u>200.0</u>

10 Intangible assets

	Goodwill JPYm	Software Licences JPYm	Total JPYm
<i>Cost</i>			
At beginning of year	8.5	28.5	37.0
Additions	0.0	16.2	16.2
	<u>8.5</u>	<u>44.7</u>	<u>53.2</u>
<i>Amortisation</i>			
At beginning of year	0.0	26.5	26.5
Charged in year	0.0	4.1	4.1
	<u>0.0</u>	<u>30.6</u>	<u>30.6</u>
Net book value			
At 31 March 2018	<u>8.5</u>	<u>14.1</u>	<u>22.6</u>
 At 31 March 2017	 <u>8.5</u>	 <u>2.0</u>	 <u>10.5</u>

Notes (continued)

11 Tangible assets

	Leasehold improvement	Motor Vehicles	Fixtures, fittings and computer equipment	Total
	JPYm	JPYm	JPYm	JPYm
Cost				
At beginning of year	13.6	40.4	28.0	82.0
Additions	0.1	0.0	1.5	1.6
Disposals	(0.0)	(0.0)	(0.2)	(0.2)
At end of year	13.7	40.4	29.3	83.4
Depreciation				
At beginning of year	13.1	39.0	22.7	74.8
Charged in year	0.4	1.4	2.4	4.2
Disposals	(0.0)	(0.0)	(0.2)	(0.2)
At end of year	13.5	40.4	24.9	78.8
Net book value				
At 31 March 2018	0.2	0.0	4.4	4.6
At 31 March 2017	0.5	1.4	5.3	7.2

Notes (continued)

12 Investments

	Unlisted investment	Total
	JPYm	JPYm
<i>Cost and net book value</i>		
At beginning of year	5.6	5.6
Liquation of subsidiary	0.0	0.0
Revaluation of unlisted investment to market value	0.3	0.3
	<hr/>	<hr/>
At end of year	5.9	5.9
	<hr/>	<hr/>

The unlisted investment of JPY5.9m (2017: JPY5.6m) relates to an investment in a golf club. The fair value has been based on the value of the shares at the last comparable sale date transacted by the golf club's brokers.

13 Deferred tax assets

Deferred tax assets, and movements in deferred tax during the year, are attributable to the following:

<u>Non-Current</u>	2017 <u>JPYm</u>	Reclassify to Current <u>JPYm</u>	Recognised in Income <u>JPYm</u>	2018 <u>JPYm</u>
Tangible fixed assets	3.5	0.0	0.1	3.6
Provisions	2.8	0.0	(0.3)	2.5
Tax value of loss carry-forwards utilised	30.6	0.0	2.6	33.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Current Deferred Tax	36.9	0.0	2.4	39.3
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Deferred tax assets
(continued)

<u>Non-Current</u>	2016 <u>JPYm</u>	Reclassify to Current <u>JPYm</u>	Recognised in Income <u>JPYm</u>	2017 <u>JPYm</u>
Tangible fixed assets	2.7	0.0	0.8	3.5
Employee Benefits	8.3	(8.3)	0.0	0.0
Provisions	12.5	(11.5)	1.8	2.8
Tax value of loss carry-forwards utilised	35.7	0.0	(5.1)	30.6
Stocks	17.9	(17.9)	0.0	0.0
Total Non-Current Deferred Tax	<u>77.1</u>	<u>(37.7)</u>	<u>(2.5)</u>	<u>36.9</u>

Current

	2017 <u>JPYm</u>	Reclassified from Non-Current <u>JPYm</u>	Recognised in Income <u>JPYm</u>	2018 <u>JPYm</u>
Employee Benefits	3.4	0.0	(3.4)	0.0
Provisions	13.3	0.0	(19.9)	(6.6)
Stocks	10.9	0.0	(4.0)	6.9
	<u>27.6</u>	<u>0.0</u>	<u>(27.3)</u>	<u>0.3</u>

Current

	2016 <u>JPYm</u>	Reclassified from Non-Current <u>JPYm</u>	Recognised in Income <u>JPYm</u>	2017 <u>JPYm</u>
Employee Benefits	0.0	8.3	-4.9	3.4
Provisions	0.0	11.5	1.8	13.3
Stocks	0.0	17.9	-7.0	10.9
	<u>0.0</u>	<u>37.7</u>	<u>-10.1</u>	<u>27.6</u>

Notes (continued)

14 Stocks

	2018 JPYm	2017 JPYm
Finished goods and goods for resale	573.2	496.7
	<u>573.2</u>	<u>496.7</u>

15 Debtors

	2018 JPYm	2017 JPYm
Amounts falling due within one year		
Trade debtors	1,246.2	1,146.3
Amounts owed by parent and fellow subsidiary undertakings	14.6	12.8
Prepayments	14.1	13.0
Overseas taxation paid in advance	17.0	20.1
Accrued income and other debtors	38.4	66.1
	<u>1,330.3</u>	<u>1,258.3</u>

16 Creditors: amount falling due within one year

	2018 JPYm	2017 JPYm
Trade creditors	86.5	70.7
Amounts owed to parent and fellow subsidiary undertakings	1,919.3	1,368.4
Corporation tax	0.1	34.8
Accruals	105.1	90.8
	<u>2,111.0</u>	<u>1,564.7</u>

Notes (continued)

17 Provisions

	2018	2017
	JPYm	JPYm
Amounts falling due in more than 1 year		
At 31 March 2017	18.3	21.4
Charged/(Credited) in year	2.9	(3.1)
	<u>21.2</u>	<u>18.3</u>
At 31 March 2018		

The Company is required to make provision of JPY21.2m (2017:JPY18.3m) to cover severance pay falling due to employees based in Italy. Severance pay may fall due for payment when, for any reason in the future, an employee ceases to be employed by the Company.

18 Called up share capital

	2018	2017
	JPYm	JPYm
<i>Allotted, called up and fully paid</i>		
275,000 Ordinary share of £1 each	<u>46.4</u>	<u>46.4</u>

19 Reserves

	2018
	JPYm
Profit and loss account	
At beginning of year	977.9
Profit for the year	46.6
Dividends on shares classified in shareholders' funds	(700.0)
	<u>324.5</u>
At end of year	

Notes (continued)

20 Commitments

- (a) There were no capital commitments at the end of the financial year for which provision has not been made.
- (b) Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	
	2018 JPYm	2017 JPYm
up to one year	43.2	40.8
between two and five years	68.5	84.6
over five years	0.0	1.7
	<hr/>	<hr/>
	111.7	127.1
	<hr/>	<hr/>

During the year JPY53.6m (2017: JPY38.3m) was recognised as an expense in the profit and loss account in respect to operating leases.

21 Pension Scheme

The company contributes towards defined contribution pension schemes taken out by its employees. The pension cost charge for the period represents contributions payable by the company to these schemes and is set out in note 5.

At 31 March 2018 contributions amounting to JPY0.2m (2017: JPY 0.0m) were payable to these schemes and are included in creditors.

22 Contingent Liabilities

The Company is subject to legal claims and litigation arising in the ordinary course of business. The Company defends itself vigorously against any such claims. Although the outcome of these matters is currently not determinable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on its financial position, results or operations, or cash flows.

Notes *(continued)*

23 Ultimate parent company

The Company is a subsidiary undertaking of Nihon Dempa Kogyo Company Limited which is the ultimate parent company incorporated in Japan.

The largest and smallest group in which the results of the Company are consolidated is that headed by Nihon Dempa Kogyo Company Limited, incorporated in Japan. The consolidated financial statements of this group are available to the public and may be obtained from:

Merkmal Keio Sasazuka Bldg 6F
1-47-1 Sasazuka
Shibuya-Ku
Tokyo 151-8569
Japan

24 Accounting estimates and judgements

Valuation of goodwill

In its determination of the valuation of goodwill, management relies on the forecast trading performance and outlook of its subsidiary undertakings. If actual performance differs from estimates, future earnings could be affected.

Valuation of trade debtors

In its determination of the valuation of trade debtors, including the allowance for doubtful accounts, management relies on current customer information, which include customer creditworthiness and past experiences, and its planned course of action. If future collections differ from estimates, future earnings could be affected.