

Company registration number 01174902 (England and Wales)

**CITIZEN MACHINERY UK LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**CITIZEN MACHINERY UK LTD**

**COMPANY INFORMATION**

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<b>Directors</b>	E James T Nagasawa H Ina (Appointed 1 April 2022)
<b>Secretary</b>	J Hart
<b>Company number</b>	01174902
<b>Registered office</b>	1 Park Avenue Bushey WD23 2DA
<b>Auditor</b>	FMCB 3rd Floor Hathaway House Popes Drive Finchley London N3 1QF
<b>Business address</b>	1 Park Avenue Bushey WD23 2DA

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# CITIZEN MACHINERY UK LTD

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# CITIZEN MACHINERY UK LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

#### **Fair review of the business**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The results, which exceeded our Business Plan, reflect the continued sales success in the UK and most of our overseas territories. The Company is actively involved in expanding territories, with new dealers and within new markets, which has achieved some success this year.

We achieved our continued objective in 2022, to grow and maintain our UK market share in some product areas, by gaining new customers, along with retaining our existing customer base. Long term sustainability remains a key focus as we continue in to 2023. We continue to assist in the development of new products.

We remain one of the market leaders for our technology solutions in the UK through our focus and emphasis on excellent customer support and turnkey solution business. Aligned to this we continue to invest in our UK business to provide better service and spare parts support by holding more spare parts stock inventory in the UK, post Brexit. Further we continue to invest to create a great customer experience within our facilities.

The outlook for the business in 2023 will continue to be influenced by global events, none less so than the Russia / Ukraine war, high interest rates, inflation, energy, commodity price increases, along with the ongoing Brexit operational challenges, which remain, both in the UK and elsewhere. The availability of product, key technologies and components remains a challenge in some product areas however we are seeing improvement of supply in core product areas. Our focus for 2023 is to maintain market share in the UK and to work with our overseas territories to maintain a good overall result for the Group.

As part of our company CSR, we are focused on moving the company to a more environmentally sustainable long-term platform, including investment in renewable technologies, reducing our impact on the environment by exploring zero waste to landfill and reduced uses of energy resources. All helping our journey to net zero carbon.

#### **A statement of directors duties under Section 172**

Engaging, building and managing relationships with stakeholders to the company has always been imperative in decisions made by the Group, the management and how the company operates.

The directors and officers are constantly mindful of their duties for promoting the success of the company and in so doing having regard to the matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006.

Group policies and codes of conduct are published and look to align the working practices of the company and the value it places on the relationships with customers, suppliers, employees and other key stakeholders.

The directors and officers continue to apply these fundamental principles in their decision making, the organisational environment and in the relationships fostered by the company, these are;

1. Act responsibly towards society and strive to raise the corporate value of the Citizen Group.
2. Create and promote products and services that demonstrate our commitment to safety, quality, and the environment.
3. Engage in business practices that are fair, transparent, open to competition, and responsible.
4. Respect human rights and diversity, and provide a safe and pleasant working environment.
5. Recognize the importance of environmental conservation, and take voluntary and proactive measures.
6. Manage and protect company assets in an appropriate manner.
7. Abstain from actions that would harm the company's long-lasting values.
8. Strive to contribute to regional communities in which we operate.

Among the key stakeholders to the company are customers, suppliers and employees. Regular communication, building excellent working relationships and adhering to the highest quality standards are all essential for the long term success of the company.

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Working as a machine tool supplier, we work in a relatively small and competitive market which relies on forging lasting relationships with customers to become an integral part of their success.

## **CITIZEN MACHINERY UK LTD**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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#### **Development and performance**

The directors and officers actively engage with our senior managers and line managers ensuring that staff are fully aware of our business objectives, and this forms part of the Company's annual staff appraisal process.

Our staff are actively engaged in our business planning, helping them to understand the importance of our relationships with our customers and industry suppliers.

#### **Key performance indicators**

Key performance indicators used by the company include sales, gross profit percentage, expenses ratios and profit before tax percentages.

On behalf of the board

E James

**Director**

21 March 2023

# CITIZEN MACHINERY UK LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Principal activities

The principal activity of the company continued to be that of suppliers of CNC machinery.

#### Results and dividends

The results for the year are set out on page 8.

A final dividend of £1,813,538 for the year ended 31 December 2021 was paid in the year. No interim dividend for the year ended 31 December 2022 has been paid.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E James	
H Kamata	(Resigned 1 April 2022)
T Nagasawa	
H Ina	(Appointed 1 April 2022)

#### Financial instruments

##### Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Foreign exchange forward contracts are used to manage this risk.

##### Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### Auditor

In accordance with the company's articles, a resolution proposing that FMCB be reappointed as auditor of the company will be put at a General Meeting.

#### Stakeholder engagement

The directors have had regard for the need to foster relationships with customers, suppliers and other key stakeholders, further information is found in the Strategic report.

#### Energy and carbon report

Citizen Watch Co., Ltd., being the ultimate parent company Citizen Machinery UK Limited produce and publish energy and carbon data for the group which can be found on [www.citizen.co.jp/global/sustainability/report/index.html](http://www.citizen.co.jp/global/sustainability/report/index.html).

# **CITIZEN MACHINERY UK LTD**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

E James  
**Director**

21 March 2023

# CITIZEN MACHINERY UK LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CITIZEN MACHINERY UK LTD

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#### Opinion

We have audited the financial statements of CITIZEN MACHINERY UK LTD (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 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 December 2022 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.



# **CITIZEN MACHINERY UK LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF CITIZEN MACHINERY UK LTD**

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### **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 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered information including the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management regarding identification and assessment of the risks of irregularities;
- the internal controls and company procedures established to detect and mitigate risks of fraud or non-compliance with laws and regulations;
- the legal and regulatory framework that the company operates in which includes in this context the Companies Act and tax legislation;
- consideration of factors that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate.

## **CITIZEN MACHINERY UK LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CITIZEN MACHINERY UK LTD**

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As a result of considering the above we use audit procedures to respond to any potential risks. Procedures used include the following:

- reviewing the financial statement disclosures and testing supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- enquiring of management to obtain an understanding of any provisions and testing the appropriateness of journal entries and other adjustments;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above procedures the engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

**Gavin Zeiderman BA(Hons) FCA**  
**Senior Statutory Auditor**  
**For and on behalf of FMCB**

22 March 2023

**Chartered Accountants**  
**Statutory Auditor**

3rd Floor Hathaway House  
Popes Drive  
Finchley  
London  
N3 1QF

# CITIZEN MACHINERY UK LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	43,405,324	44,824,455
Cost of sales		(32,329,822)	(35,637,080)
<b>Gross profit</b>		11,075,502	9,187,375
Administrative expenses		(8,155,355)	(6,984,642)
Other operating income		81,849	67,777
<b>Operating profit</b>	<b>4</b>	3,001,996	2,270,510
Interest receivable and similar income	<b>10</b>	13,271	288
Interest payable and similar expenses	<b>11</b>	(9,794)	(17,899)
<b>Profit before taxation</b>		3,005,473	2,252,899
Tax on profit	<b>12</b>	(581,254)	(439,361)
<b>Profit for the financial year</b>		2,424,219	1,813,538

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# CITIZEN MACHINERY UK LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	14		4,533,891		4,800,462
<b>Current assets</b>					
Stocks	16	6,731,082		5,574,948	
Debtors	17	9,057,534		10,895,754	
Cash at bank and in hand		4,156,224		4,354,660	
		19,944,840		20,825,362	
<b>Creditors: amounts falling due within one year</b>	18	(12,174,695)		(13,759,919)	
<b>Net current assets</b>			7,770,145		7,065,443
<b>Total assets less current liabilities</b>			12,304,036		11,865,905
<b>Creditors: amounts falling due after more than one year</b>	19		(184,158)		(363,720)
<b>Provisions for liabilities</b>					
Deferred tax liability	23	88,445		81,433	
			(88,445)		(81,433)
<b>Net assets</b>			12,031,433		11,420,752
<b>Capital and reserves</b>					
Called up share capital	24		20,000		20,000
Share premium account			9,795		9,795
Revaluation reserve			724,119		724,119
Capital redemption reserve			81,000		81,000
Own shares			9,302		9,302
Profit and loss reserves	25		11,187,217		10,576,536
<b>Total equity</b>			12,031,433		11,420,752

The financial statements were approved by the board of directors and authorised for issue on 21 March 2023 and are signed on its behalf by:

E James  
Director

Company Registration No. 01174902

# CITIZEN MACHINERY UK LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Own share	Profit and loss reserves	Total
Notes	£	£	£	£	£	£	£
<b>Balance at 1 January 2021</b>	20,000	9,795	724,119	81,000	9,302	9,117,585	9,961,801
<b>Year ended 31 December 2021:</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	1,813,538	1,813,538
Dividends	6	-	-	-	-	(354,587)	(354,587)
<b>Balance at 31 December 2021</b>	20,000	9,795	724,119	81,000	9,302	10,576,536	11,420,752
<b>Year ended 31 December 2022:</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	2,424,219	2,424,219
Dividends	6	-	-	-	-	(1,813,538)	(1,813,538)
<b>Balance at 31 December 2022</b>	20,000	9,795	724,119	81,000	9,302	11,187,217	12,031,433

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

CITIZEN MACHINERY UK LTD is a company limited by shares incorporated in England and Wales (Company Registration No. 01174902). The registered office is 1 Park Avenue, Bushey, WD23 2DA.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared on the historical cost convention modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures'.

#### **1.2 Going concern**

The directors consider the company has adequate resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue from the sale of goods is recognised when goods are delivered and legal title has passed. Revenue from the provision of services is recognised when those services have been performed.

#### **1.4 Intangible fixed assets - goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of nine years.

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% on cost
Land and buildings Leasehold	2% on cost
Plant and machinery	Between 2% to 50% on cost
Fixtures, fittings & equipment	Between 5% to 10% on cost
Computer equipment	Between 20% to 33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered a material impairment loss. If a material impairment loss arises then it is recognised in the profit and loss account or against the revaluation reserve if the asset has been revalued.

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for impairment losses on obsolete and slow moving items. Impairment losses are recognised in the profit or loss.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and section 12 'Other financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets include debtors and cash and bank balances.

Debtors and cash and bank balances which are basic financial assets are measured at transaction price less any impairment.

Debtors and cash and bank balances in foreign currencies are initially recorded at transaction price and subsequently at fair value less any impairment. Any changes in fair value are recognised in the profit or loss.

Financial assets are assessed for indicators of impairment at each reporting end date.

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

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Derecognition of financial assets**

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

#### **Basic financial liabilities**

Financial liabilities includes creditors and debt instruments.

Creditors and debt instruments which are basic financial liabilities are measured at transaction price.

Creditors and debt instruments in foreign currencies are initially recorded at transaction price and subsequently at fair value. Any changes in fair value are recognised in the profit or loss.

Forward exchange contracts are derivatives and are not basic financial instruments. They are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. Changes in fair value are recognised in the profit or loss.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

### 1.10 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

### 1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the relevant lease.



# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Estimation of useful life

The charge for depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the profit and loss account. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Group companies	4,795,787	10,837,564
Other	38,609,537	33,986,891
	<u>43,405,324</u>	<u>44,824,455</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Turnover analysed by geographical market</b>		
	United Kingdom	23,664,136	18,916,015
	Europe	12,784,930	20,564,912
	Others	6,956,258	5,343,528
		<u>43,405,324</u>	<u>44,824,455</u>
		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Other revenue</b>		
	Interest income	13,271	288
	Grants received	-	2,129
		<u>-</u>	<u>2,129</u>
<b>4</b>	<b>Operating profit</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses	375,601	468,834
	Government grants	-	(2,129)
	Depreciation of owned tangible fixed assets	131,426	142,315
	Depreciation of tangible fixed assets held under finance leases	24,727	20,607
	Operating lease charges	387,268	368,798
		<u>818,822</u>	<u>940,534</u>
<b>5</b>	<b>Auditor's remuneration</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the company	32,000	31,000
		<u>32,000</u>	<u>31,000</u>
	<b>For other services</b>		
	All other non-audit services	43,565	37,713
		<u>43,565</u>	<u>37,713</u>
<b>6</b>	<b>Dividends</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Final paid	1,813,538	354,587
		<u>1,813,538</u>	<u>354,587</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Office & management	13	14
Sales & installations	48	42
Total	61	56

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	4,402,756	3,880,090
Social security costs	538,241	462,710
Pension costs	174,048	156,053
	5,115,045	4,498,853

### 8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	281,537	244,253
Company pension contributions to defined contribution schemes	9,163	7,644
	290,700	251,897

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	281,537	244,253
Company pension contributions to defined contribution schemes	9,163	7,644

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

<b>9 Retirement benefit schemes</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	174,048	156,053
	<u>          </u>	<u>          </u>
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.		
<b>10 Interest receivable and similar income</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	11,595	15
Other interest income	1,676	273
	<u>          </u>	<u>          </u>
Total interest revenue	13,271	288
	<u>          </u>	<u>          </u>
<b>11 Interest payable and similar expenses</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	6,176	14,884
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	3,618	3,015
	<u>          </u>	<u>          </u>
	9,794	17,899
	<u>          </u>	<u>          </u>
<b>12 Taxation</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	574,242	433,399
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,012	5,962
	<u>          </u>	<u>          </u>
Total tax charge	581,254	439,361
	<u>          </u>	<u>          </u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 12 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	3,005,473	2,252,899
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	571,040	428,051
Tax effect of expenses that are not deductible in determining taxable profit	9,093	3,530
Change in unrecognised deferred tax assets	7,012	5,962
Permanent capital allowances in excess of depreciation	(8,695)	(1,334)
(Profit)/loss on sale of fixed assets	2,804	3,152
Taxation charge for the year	581,254	439,361

### 13 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	326,239
<b>Amortisation and impairment</b>	
At 1 January 2022 and 31 December 2022	326,239
<b>Carrying amount</b>	
At 31 December 2022	-
At 31 December 2021	-

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>						
At 1 January 2022	4,438,110	323,283	564,916	452,400	568,301	6,347,010
Additions	-	-	80,571	63,594	44,700	188,865
Disposals	-	(323,283)	-	-	-	(323,283)
At 31 December 2022	4,438,110	-	645,487	515,994	613,001	6,212,592
<b>Depreciation and impairment</b>						
At 1 January 2022	421,543	24,000	248,815	406,482	445,708	1,546,548
Depreciation charged in the year	61,478	-	35,020	19,666	39,989	156,153
Eliminated in respect of disposals	-	(24,000)	-	-	-	(24,000)
At 31 December 2022	483,021	-	283,835	426,148	485,697	1,678,701
<b>Carrying amount</b>						
At 31 December 2022	3,955,089	-	361,652	89,846	127,304	4,533,891
At 31 December 2021	4,016,567	299,283	316,101	45,918	122,593	4,800,462

The carrying value of land and buildings comprises:

	2022 £	2021 £
Freehold	3,955,089	4,016,567
Long leasehold	-	299,283
	3,955,089	4,315,850

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Computer equipment	78,305	103,033

Land and buildings with a carrying amount of £1,747,153 (2021 - £1,770,001) are included at their open market value as previously determined by an independent valuation. An independent valuation undertaken previously confirmed to the directors that the value carried in the accounts had not materially changed and therefore no adjustment has been made in these financial statements.

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 14 Tangible fixed assets

(Continued)

If revalued assets were measured using the cost model, the carrying amount would have been as follows:

	2022 £	2021 £
Cost	1,356,847	1,356,847
Accumulated depreciation	(333,812)	(310,965)
Carrying value	<u>1,023,035</u>	<u>1,045,882</u>

### 15 Financial instruments

	2022 £	2021 £
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Exchange loss on forward contracts	<u>32,953</u>	<u>124,482</u>

### 16 Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>6,731,082</u>	<u>5,574,948</u>

### 17 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	8,731,871	7,564,199
Amounts owed by group undertakings	231,856	3,189,273
Other debtors	500	3,600
Prepayments and accrued income	93,307	138,682
	<u>9,057,534</u>	<u>10,895,754</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 18 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	20	22,797	35,094
Obligations under finance leases	21	28,346	24,720
Trade creditors		862,932	1,157,939
Amounts owed to group undertakings		7,165,752	8,309,094
Corporation tax		496,974	433,125
Other taxation and social security		937,940	799,343
Derivative financial instruments		32,953	124,482
Other creditors		873,764	1,582,450
Accruals and deferred income		1,753,237	1,293,672
		<u>12,174,695</u>	<u>13,759,919</u>

### 19 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	20	122,743	285,407
Obligations under finance leases	21	61,415	78,313
		<u>184,158</u>	<u>363,720</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	70,292	144,741
	<u>70,292</u>	<u>144,741</u>

### 20 Loans and overdrafts

	2022 £	2021 £
Bank loans	145,540	320,501
	<u>145,540</u>	<u>320,501</u>
Payable within one year	22,797	35,094
Payable after one year	122,743	285,407
	<u>145,540</u>	<u>320,501</u>

The long-term loans are secured by fixed charges over a freehold property and the company's leasehold properties. The loans are due for repayment in 2031. Interest is charged at 3% over Base Rate with capital repayments over the term of the loan. The company has the right to make additional repayments at any time.



# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 21 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	28,346	24,720
In two to five years	61,415	78,313
	<u>89,761</u>	<u>103,033</u>

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	289,752	296,617
Between two and five years	294,293	347,092
	<u>584,045</u>	<u>643,709</u>

### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Liabilities 2022	Liabilities 2021
	£	£
<b>Balances:</b>		
Accelerated Capital Allowances	103,055	88,679
Capital disposals unutilised	(14,610)	(7,246)
	<u>88,445</u>	<u>81,433</u>
<b>Movements in the year:</b>		2022
		£
Liability at 1 January 2022		81,433
Charge to profit or loss		7,012
Liability at 31 December 2022		<u>88,445</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 24 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary share of 10p each	200,000	200,000	20,000	20,000

### 25 Profit and loss reserves

	2022 £	2021 £
At the beginning of the year	10,576,536	9,117,585
Profit for the year	2,424,219	1,813,538
Dividends declared and paid in the year	(1,813,538)	(354,587)
At the end of the year	11,187,217	10,576,536

### 26 Related party transactions

The remuneration of key management personnel is set out in note 7 to these financial statements.

#### Transactions with related parties

The company has applied Section 33.1A of FRS 102: Related Party Disclosures, which enable it to exclude disclosure of transactions with Citizen Machinery Co., Ltd and its wholly owned subsidiaries.

### 27 Ultimate controlling party

Citizen Machinery Co., Ltd., a company incorporated in Japan, is the parent company of Citizen Machinery UK Ltd. Citizen Watch Co., Ltd., a company also incorporated in Japan, is the ultimate parent company of Citizen Machinery UK Ltd.

Group accounts are available to the public at [www.citizen.co.jp/global/ir/library/citizen\\_report.html](http://www.citizen.co.jp/global/ir/library/citizen_report.html).

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