

Company Registration No. 01174902 (England and Wales)

CITIZEN MACHINERY UK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CITIZEN MACHINERY UK LTD

COMPANY INFORMATION

Directors	E James H Kamata T Nagasawa
Secretary	J Hart
Company number	01174902
Registered office	1 Park Avenue Bushey WD23 2DA
Auditor	FMCB 3rd Floor Hathaway House Popes Drive Finchley London N3 1QF
Business address	1 Park Avenue Bushey WD23 2DA

CITIZEN MACHINERY UK LTD

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CITIZEN MACHINERY UK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

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, and our pre pandemic forecast, reflect the continued sales success in the UK and most of our overseas territories. The Company is actively involved in advising, supporting and working with other Group Companies including France and Spain.

We achieved our continued objective in 2021, 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 2022 by investigating new markets and assisting with new product developments.

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 are investing in our UK business to provide better service and spare parts support by holding more spare parts stock inventory in the UK, post Brexit.

The outlook for the business in 2022 will continue to be influenced by both the aftermath of the COVID pandemic and the Brexit operational challenges which remain, both in the UK and elsewhere. The availability of product, key technologies and components remains a challenge. Our focus for 2022 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, by starting 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.
1. Create and promote products and services that demonstrate our commitment to safety, quality, and the environment.
1. Engage in business practices that are fair, transparent, open to competition, and responsible.
1. Respect human rights and diversity, and provide a safe and pleasant working environment.
1. Recognize the importance of environmental conservation, and take voluntary and proactive measures.
1. Manage and protect company assets in an appropriate manner.
1. Abstain from actions that would harm the company's long-lasting values.
1. 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.

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 2021

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.

Other information and explanations

On behalf of the board

E James

Director

7 March 2022

CITIZEN MACHINERY UK LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

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 £354,587 for the year ended 31 December 2020 was paid in the year. No interim dividend for the year ended 31 December 2021 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
T Nagasawa

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/csr/data.

CITIZEN MACHINERY UK LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

7 March 2022

CITIZEN MACHINERY UK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITIZEN MACHINERY UK LTD

Opinion

We have audited the financial statements of CITIZEN MACHINERY UK LTD (the 'company') for the year ended 31 December 2021 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 2021 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**

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 and the directors' report.

We have nothing to report in respect of the following matters where 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

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

7 March 2022

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 2021

	Notes	2021 £	2020 £
Turnover	3	44,824,455	30,734,184
Cost of sales		(35,637,080)	(24,798,908)
Gross profit		9,187,375	5,935,276
Administrative expenses		(6,984,642)	(5,732,665)
Other operating income		67,777	268,606
Operating profit	4	2,270,510	471,217
Interest receivable and similar income	8	288	3,044
Interest payable and similar expenses	9	(17,899)	(18,094)
Profit before taxation		2,252,899	456,167
Taxation	10	(439,361)	(101,580)
Profit for the financial year	24	1,813,538	354,587

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	13		4,800,462		5,102,835
Current assets					
Stocks	15	5,574,948		4,769,130	
Debtors	16	10,895,754		9,366,701	
Cash at bank and in hand		4,354,660		4,667,452	
		<u>20,825,362</u>		<u>18,803,283</u>	
Creditors: amounts falling due within one year	17	<u>(13,759,919)</u>		<u>(13,397,460)</u>	
Net current assets			7,065,443		5,405,823
Total assets less current liabilities			<u>11,865,905</u>		<u>10,508,658</u>
Creditors: amounts falling due after more than one year	18		(363,720)		(471,386)
Provisions for liabilities					
Deferred tax liability	21	81,433		75,471	
		<u>(81,433)</u>		<u>(75,471)</u>	
Net assets			<u>11,420,752</u>		<u>9,961,801</u>
Capital and reserves					
Called up share capital	23		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	24		10,576,536		9,117,585
Total equity			<u>11,420,752</u>		<u>9,961,801</u>

The financial statements were approved by the board of directors and authorised for issue on 7 March 2022 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 2021

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Own shares	Profit and loss reserves	Total
Notes	£	£	£	£	£	£	£
Balance at 1 January 2020	20,000	9,795	724,119	81,000	9,302	10,347,157	11,191,373
Year ended 31 December 2020:							
Profit and total comprehensive income for the year	-	-	-	-	-	354,587	354,587
Dividends	11	-	-	-	-	(1,584,159)	(1,584,159)
Balance at 31 December 2020	20,000	9,795	724,119	81,000	9,302	9,117,585	9,961,801
Year ended 31 December 2021:							
Profit and total comprehensive income for the year	-	-	-	-	-	1,813,538	1,813,538
Dividends	11	-	-	-	-	(354,587)	(354,587)
Balance at 31 December 2021	20,000	9,795	724,119	81,000	9,302	10,576,536	11,420,752

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 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.

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
Fixtures, fittings & equipment	Between 5% to 10% on cost
Plant and machinery	Between 2% to 50% 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.

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 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.

1.6 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.

1.7 Financial assets

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.

1.8 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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.

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

Estimates and underlying assumptions are reviewed on an ongoing basis.

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Group companies	10,837,564	6,144,904
Other	33,986,891	24,589,280
	<u>44,824,455</u>	<u>30,734,184</u>

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3	Turnover and other revenue	(Continued)	
		2021	2020
		£	£
	Turnover analysed by geographical market		
	United Kingdom	18,916,015	15,201,422
	Europe	20,564,912	12,909,375
	Others	5,343,528	2,623,387
		<u>44,824,455</u>	<u>30,734,184</u>
		2021	2020
		£	£
	Other significant revenue		
	Interest income	288	3,044
	Grants received	2,129	186,449
		<u>2,417</u>	<u>189,493</u>
4	Operating profit	2021	2020
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses / (gains)	468,834	(57,596)
	Government grants	(2,129)	(186,449)
	Depreciation of owned tangible fixed assets	142,315	165,382
	Depreciation of tangible fixed assets held under finance leases	20,607	-
	Operating lease charges	368,798	365,379
		<u>997,425</u>	<u>286,716</u>
5	Auditor's remuneration	2021	2020
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	31,000	28,000
		<u>31,000</u>	<u>28,000</u>
	For other services		
	All other non-audit services	37,713	40,213
		<u>37,713</u>	<u>40,213</u>

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

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

	2021 Number	2020 Number
Office & management	14	15
Sales & installations	42	40
Total	56	55

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,880,090	3,307,449
Social security costs	462,710	403,191
Pension costs	156,053	152,133
	4,498,853	3,862,773

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	244,253	408,041
Company pension contributions to defined contribution schemes	7,644	14,649
	251,897	422,690

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 3).

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

	2021 £	2020 £
Remuneration for qualifying services	244,253	247,826
Company pension contributions to defined contribution schemes	7,644	4,455

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	15	3,044
	Other interest income	273	-
		<u> </u>	<u> </u>
	Total interest revenue	288	3,044
		<u> </u>	<u> </u>
9	Interest payable and similar expenses	2021	2020
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	14,884	17,939
	Other finance costs:		
	Interest on finance leases and hire purchase contracts	3,015	155
		<u> </u>	<u> </u>
		17,899	18,094
		<u> </u>	<u> </u>
10	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	433,399	114,023
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	5,962	(12,443)
		<u> </u>	<u> </u>
	Total tax charge	439,361	101,580
		<u> </u>	<u> </u>

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 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:

	2021 £	2020 £
Profit before taxation	2,252,899	456,167
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	428,051	86,672
Tax effect of expenses that are not deductible in determining taxable profit	3,530	2,598
Change in unrecognised deferred tax assets	5,962	(12,443)
Permanent capital allowances in excess of depreciation	(1,334)	24,782
(Profit)/loss on sale of fixed assets	3,152	(29)
Taxation charge for the year	439,361	101,580

11 Dividends

	2021 £	2020 £
Final paid	354,587	1,584,159

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	326,239
Amortisation and impairment	
At 1 January 2021 and 31 December 2021	326,239
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2021	4,438,110	645,841	545,055	446,466	434,133	6,509,605
Additions	-	-	22,746	5,934	134,168	162,848
Disposals	-	(322,558)	(2,885)	-	-	(325,443)
At 31 December 2021	4,438,110	323,283	564,916	452,400	568,301	6,347,010
Depreciation and impairment						
At 1 January 2021	360,065	40,000	220,765	387,450	398,490	1,406,770
Depreciation charged in the year	61,478	7,000	28,194	19,032	47,218	162,922
Eliminated in respect of disposals	-	(23,000)	(144)	-	-	(23,144)
At 31 December 2021	421,543	24,000	248,815	406,482	445,708	1,546,548
Carrying amount						
At 31 December 2021	4,016,567	299,283	316,101	45,918	122,593	4,800,462
At 31 December 2020	4,078,045	605,841	324,290	59,016	35,643	5,102,835

The carrying value of land and buildings comprises:

	2021 £	2020 £
Freehold	4,016,567	4,078,045
Long leasehold	299,283	605,841
	4,315,850	4,683,886

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

	2021 £	2020 £
Computer equipment	103,033	-

Land and buildings with a carrying amount of £1,770,001 (2020 - £1,792,849) 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 2021

13 Tangible fixed assets

(Continued)

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

	2021 £	2020 £
Cost	1,356,847	1,356,847
Accumulated depreciation	(310,965)	288,118
Carrying value	1,045,882	1,644,965
14 Financial instruments	2021 £	2020 £
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Exchange loss on forward contracts	124,482	94,847
15 Stocks	2021 £	2020 £
Finished goods and goods for resale	5,574,948	4,769,130
16 Debtors	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	7,564,199	5,904,475
Amounts owed by group undertakings	3,189,273	3,314,640
Other debtors	3,600	17,099
Prepayments and accrued income	138,682	130,487
	10,895,754	9,366,701

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	19	35,094	51,584
Obligations under finance leases	20	24,720	-
Trade creditors		1,157,939	1,072,484
Amounts owed to group undertakings		8,309,094	9,295,529
Corporation tax		433,125	114,023
Other taxation and social security		799,343	658,508
Derivative financial instruments		124,482	94,847
Other creditors		1,582,450	1,390,201
Accruals and deferred income		1,293,672	720,284
		<u>13,759,919</u>	<u>13,397,460</u>

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	285,407	471,386
Obligations under finance leases	20	78,313	-
		<u>363,720</u>	<u>471,386</u>

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

Payable other than by instalments	144,741	265,052
	<u>144,741</u>	<u>265,052</u>

19 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>320,501</u>	<u>522,970</u>
Payable within one year	35,094	51,584
Payable after one year	<u>285,407</u>	<u>471,386</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 2021

20 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	24,720	-
In two to five years	78,313	-
	<u>103,033</u>	<u>-</u>

21 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 2021	Liabilities 2020
	£	£
Balances:		
Accelerated Capital Allowances	88,679	75,471
Capital disposals unutilised	(7,246)	-
	<u>81,433</u>	<u>75,471</u>

	2021
	£
Movements in the year:	
Liability at 1 January 2021	75,471
Charge to profit or loss	5,962
	<u>81,433</u>
Liability at 31 December 2021	<u>81,433</u>

22 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	156,053	152,133
	<u>156,053</u>	<u>152,133</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.

CITIZEN MACHINERY UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary share of 10p each	200,000	200,000	20,000	20,000

24 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	9,117,585	10,347,157
Profit for the year	1,813,538	354,587
Dividends	(354,587)	(1,584,159)
At the end of the year	10,576,536	9,117,585

25 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:

	2021 £	2020 £
Within one year	296,617	273,969
Between two and five years	347,092	471,823
	643,709	745,792

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/annual_report.html.

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