

Company registration number 01174902 (England and Wales)

**CITIZEN MACHINERY UK LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

CITIZEN MACHINERY UK LTD

COMPANY INFORMATION

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Directors	E James H Ina K Kudo	(Appointed 1 April 2023)
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	

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# CITIZEN MACHINERY UK LTD

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# CITIZEN MACHINERY UK LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2023

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The directors present the strategic report for the year ended 31 December 2023.

#### 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 financial Business Plan, reflect the continued sales success in the UK and overseas markets. The Company is actively involved in expanding territories, with new dealers, and within new markets, which has progressed well during the year.

Maintaining and growing market share continued to be a focus during 2023, supported by gaining new customers and retaining our existing customer base. Long term sustainability remains a key focus for the business, as does engagement with the wider Citizen Group's CSR policies. 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. We continue to invest in our facilities in the UK, thereby supporting our commitment to high level customer and overseas dealer support.

The outlook for the business in 2024 continues to be influenced by global events and conflicts which inevitably adds a level of uncertainty. However, there is clear evidence of stabilising interest rates, inflation, and energy costs, which along with improved stock availability and supply chain performance, allows for confidence for the year. Our focus for the year 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.

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.

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## **CITIZEN MACHINERY UK LTD**

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

***FOR THE YEAR ENDED 31 DECEMBER 2023***

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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**

8 March 2024

# CITIZEN MACHINERY UK LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2023

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The directors present their annual report and financial statements for the year ended 31 December 2023.

#### 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 £2,424,219 for the year ended 31 December 2022 was paid in the year. No interim dividend for the year ended 31 December 2023 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	
T Nagasawa	(Resigned 31 March 2023)
H Ina	
K Kudo	(Appointed 1 April 2023)

#### 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 2023***

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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**

8 March 2024

# 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 2023 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 2023 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**

18 March 2024

**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 2023

	Notes	2023 £	2022 £
<b>Turnover</b>	<b>3</b>	32,329,510	43,405,324
Cost of sales		(22,199,436)	(32,329,822)
<b>Gross profit</b>		10,130,074	11,075,502
Administrative expenses		(8,349,640)	(8,155,355)
Other operating income		7,800	81,849
<b>Operating profit</b>	<b>4</b>	1,788,234	3,001,996
Interest receivable and similar income	<b>9</b>	96,843	13,271
Interest payable and similar expenses	<b>8</b>	(13,853)	(9,794)
<b>Profit before taxation</b>		1,871,224	3,005,473
Tax on profit	<b>10</b>	(470,972)	(581,254)
<b>Profit for the financial year</b>		1,400,252	2,424,219

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 2023

		2023		2022	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		4,666,768		4,533,891
<b>Current assets</b>					
Stocks	14	10,535,133		6,731,082	
Debtors	16	6,048,935		9,057,534	
Cash at bank and in hand		4,520,945		4,156,224	
		21,105,013		19,944,840	
<b>Creditors: amounts falling due within one year</b>	17	(14,530,033)		(12,174,695)	
<b>Net current assets</b>			6,574,980		7,770,145
<b>Total assets less current liabilities</b>			11,241,748		12,304,036
<b>Creditors: amounts falling due after more than one year</b>	18		(139,423)		(184,158)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	94,859		88,445	
			(94,859)		(88,445)
<b>Net assets</b>			11,007,466		12,031,433
<b>Capital and reserves</b>					
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		10,163,250		11,187,217
<b>Total equity</b>			11,007,466		12,031,433

The financial statements were approved by the board of directors and authorised for issue on 8 March 2024 and are signed on its behalf by:

E James  
Director

Company registration number 01174902 (England and Wales)

# CITIZEN MACHINERY UK LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Own share	Profit and loss reserves	Total
Notes	£	£	£	£	£	£	£
<b>Balance at 1 January 2022</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	-	-	-	-	-	2,424,219	2,424,219
Dividends	11	-	-	-	-	(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
<b>Year ended 31 December 2023:</b>							
Profit and total comprehensive income	-	-	-	-	-	1,400,252	1,400,252
Dividends	11	-	-	-	-	(2,424,219)	(2,424,219)
<b>Balance at 31 December 2023</b>	20,000	9,795	724,119	81,000	9,302	10,163,250	11,007,466

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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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.

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
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

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Accounting policies

(Continued)

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.

##### **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.

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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### 1 Accounting policies

(Continued)

#### **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.

### 1.12 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.



# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 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:

	2023	2022
	£	£
<b>Turnover analysed by class of business</b>		
Group companies	400,467	4,795,787
Other	31,929,043	38,609,537
	<u>32,329,510</u>	<u>43,405,324</u>
	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	21,898,098	23,664,136
Europe	8,930,745	12,784,930
Others	1,500,667	6,956,258
	<u>32,329,510</u>	<u>43,405,324</u>
	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	96,843	13,271
	<u>96,843</u>	<u>13,271</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	239,711	375,601
Depreciation of owned tangible fixed assets	150,904	131,426
Depreciation of tangible fixed assets held under finance leases	24,727	24,727
Operating lease charges	448,911	387,268

### 5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	32,000	32,000
<b>For other services</b>		
All other non-audit services	43,076	43,565

### 6 Employees

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

	2023	2022
	Number	Number
Office & management	13	13
Sales & installations	52	48
Total	65	61

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	4,198,979	4,402,756
Social security costs	500,809	538,241
Pension costs	383,883	174,048
	5,083,671	5,115,045

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	220,850	281,537
Company pension contributions to defined contribution schemes	14,304	9,163
	<u>235,154</u>	<u>290,700</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

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

	2023 £	2022 £
Remuneration for qualifying services	220,850	281,537
Company pension contributions to defined contribution schemes	14,304	9,163
	<u>235,154</u>	<u>290,700</u>

### 8 Interest payable and similar expenses

	2023 £	2022 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	9,661	6,176
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	4,192	3,618
	<u>13,853</u>	<u>9,794</u>

### 9 Interest receivable and similar income

	2023 £	2022 £
<b>Interest income</b>		
Interest on bank deposits	96,843	11,595
Other interest income	-	1,676
	<u>96,843</u>	<u>13,271</u>

### 10 Taxation

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	460,259	574,242
Adjustments in respect of prior periods	4,299	-
	<u>464,558</u>	<u>574,242</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 10 Taxation (Continued)

	2023 £	2022 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,414	7,012
	<u>          </u>	<u>          </u>
Total tax charge	470,972	581,254
	<u>          </u>	<u>          </u>

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:

	2023 £	2022 £
Profit before taxation	1,871,224	3,005,473
	<u>          </u>	<u>          </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	440,122	571,040
Tax effect of expenses that are not deductible in determining taxable profit	19,333	9,093
Change in unrecognised deferred tax assets	6,414	7,012
Adjustments in respect of prior years	4,299	-
Permanent capital allowances in excess of depreciation	804	(8,695)
(Profit)/loss on sale of fixed assets	-	2,804
	<u>          </u>	<u>          </u>
Taxation charge for the year	470,972	581,254
	<u>          </u>	<u>          </u>

### 11 Dividends

	2023 £	2022 £
Final paid	2,424,219	1,813,538
	<u>          </u>	<u>          </u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 12 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2023	326,239
Disposals	(326,239)
	<u>-</u>
At 31 December 2023	<u>-</u>
<b>Amortisation and impairment</b>	
At 1 January 2023	326,239
Disposals	(326,239)
	<u>-</u>
At 31 December 2023	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2023	<u>-</u>
	<u>-</u>
At 31 December 2022	<u>-</u>

### 13 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2023	4,438,110	645,487	515,994	613,001	6,212,592
Additions	146,219	-	86,293	75,996	308,508
Disposals	-	-	-	(9,520)	(9,520)
	<u>4,584,329</u>	<u>645,487</u>	<u>602,287</u>	<u>679,477</u>	<u>6,511,580</u>
At 31 December 2023	<u>4,584,329</u>	<u>645,487</u>	<u>602,287</u>	<u>679,477</u>	<u>6,511,580</u>
<b>Depreciation and impairment</b>					
At 1 January 2023	483,021	283,835	426,148	485,697	1,678,701
Depreciation charged in the year	61,478	31,588	37,988	44,577	175,631
Eliminated in respect of disposals	-	-	-	(9,520)	(9,520)
	<u>544,499</u>	<u>315,423</u>	<u>464,136</u>	<u>520,754</u>	<u>1,844,812</u>
At 31 December 2023	<u>544,499</u>	<u>315,423</u>	<u>464,136</u>	<u>520,754</u>	<u>1,844,812</u>
<b>Carrying amount</b>					
At 31 December 2023	<u>4,039,830</u>	<u>330,064</u>	<u>138,151</u>	<u>158,723</u>	<u>4,666,768</u>
	<u>4,039,830</u>	<u>330,064</u>	<u>138,151</u>	<u>158,723</u>	<u>4,666,768</u>
At 31 December 2022	<u>3,955,089</u>	<u>361,652</u>	<u>89,846</u>	<u>127,304</u>	<u>4,533,891</u>
	<u>3,955,089</u>	<u>361,652</u>	<u>89,846</u>	<u>127,304</u>	<u>4,533,891</u>

The carrying value of land and buildings comprises:

	2023 £	2022 £
Freehold	<u>4,039,830</u>	<u>3,955,089</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 13 Tangible fixed assets

(Continued)

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

	2023 £	2022 £
Computer equipment	53,577	78,305

Land and buildings with a carrying amount of £1,724,308 (2022 - £1,747,153) 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.

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

	2023 £	2022 £
Cost	1,356,847	1,356,847
Accumulated depreciation	(356,659)	(333,812)
Carrying value	1,000,188	1,023,035

### 14 Stocks

	2023 £	2022 £
Finished goods and goods for resale	10,535,133	6,731,082

### 15 Financial instruments

	2023 £	2022 £
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	138,927	32,953

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 16 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	5,874,675	8,731,871
Amounts owed by group undertakings	12,740	231,856
Other debtors	7,500	500
Prepayments and accrued income	154,020	93,307
	<u>6,048,935</u>	<u>9,057,534</u>

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

	Notes	2023	2022
		£	£
Bank loans	19	24,673	22,797
Obligations under finance leases	20	28,346	28,346
Trade creditors		880,268	862,932
Amounts owed to group undertakings		10,112,918	7,165,752
Corporation tax		182,046	496,974
Other taxation and social security		810,142	937,940
Derivative financial instruments		138,927	32,953
Other creditors		1,093,655	873,764
Accruals and deferred income		1,259,058	1,753,237
		<u>14,530,033</u>	<u>12,174,695</u>

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

	Notes	2023	2022
		£	£
Bank loans and overdrafts	19	106,353	122,743
Obligations under finance leases	20	33,070	61,415
		<u>139,423</u>	<u>184,158</u>

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

Payable other than by instalments	47,495	70,292
	<u>47,495</u>	<u>70,292</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 19 Loans and overdrafts

	2023 £	2022 £
Bank loans	131,026	145,540
Payable within one year	24,673	22,797
Payable after one year	106,353	122,743

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.

### 20 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	28,346	28,346
In two to five years	33,070	61,415
	61,416	89,761

### 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 2023 £	Liabilities 2022 £
<b>Balances:</b>		
Accelerated Capital Allowances	109,469	103,055
Capital disposals unutilised	(14,610)	(14,610)
	94,859	88,445
<b>Movements in the year:</b>		2023 £
Liability at 1 January 2023		88,445
Charge to profit or loss		6,414
Liability at 31 December 2023		94,859



# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

### 22 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	383,883	174,048

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.

### 23 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary share of 10p each	200,000	200,000	20,000	20,000

### 24 Profit and loss reserves

	2023	2022
	£	£
At the beginning of the year	11,187,217	10,576,536
Profit for the year	1,400,252	2,424,219
Dividends declared and paid in the year	(2,424,219)	(1,813,538)
At the end of the year	10,163,250	11,187,217

### 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:

	2023	2022
	£	£
Within one year	327,907	289,752
Between two and five years	456,277	294,293
	784,184	584,045

Operating lease obligations represent amounts payable by the company for motor vehicles rentals and warehouse storage system.

## **CITIZEN MACHINERY UK LTD**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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#### **26 Related party transactions**

##### **Remuneration of key management personnel**

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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