Registered No. 01952031

Alpine Electronics of UK Limited

Report and Financial Statements

31 March 2016

Directors
M A Ford
J Wakebe
A Aramberri
T Kobayashi
N Mizuno

Secretary
J Odedra

Auditors
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Strategic report

The directors present their strategic report for the year ended 31 March 2016.

Results and dividends

The profit for the year after taxation amounted to £1,934,000 (2015: £664,000). The directors recommend a final dividend £1,455,000 (2015: £194,000). Ordinary dividends of £194,000 (2015: £516,000) were paid during the year.

Review of the business

The company's key financial and performance indicators during the year were as follows:

	2016	*2015*	*Change*
	£000	*£000*	*%*
Turnover	138,538	175,659	(21)
Profit on ordinary activities before tax	2,301	756	204
Administrative expenses	(1,510)	(4,253)	(64)
Sales per head	2,199	2,702	(19)

Overall, turnover has decreased by 21% during the year. This decrease is attributable mainly to fall in sales to some of our OEM customers and also partly due to the effect of exchange rate.

Jaguar Land Rover (JLR) sales were down by 22% compared to previous year, but they continue to perform well during the year, with success in all global markets. Total vehicle sales for the year were up 13% on previous year with Jaguar up 23% and Land Rover up 11%. A completely new XF was launched during the year with very good press response. This new XE became the biggest selling Jaguar model. The new F-Pace, Jaguar's first SUV has launched with first deliveries just beginning to reach customers. This will further strengthen sales.

Alpine sales have remained strong throughout the year, but the current head unit product is now beginning its run out phase.

Volvo sales had a better year with overall sales increasing by 68% compared to previous year. For the first time Volvo sold more than half a million cars in its 89 year history. Sales in Europe rose 11% per cent and Volvo's revival in the US gained momentum with sales up 24% in 2015, while China was flat amid a challenging sales environment. The new Volvo XC90 model has been very well received in the market and was followed with the launch of the all new S90 and V90 that also takes the new Alpine display, amplifier and speaker products, and this helped in increasing our sales.

Honda produced 115,000 vehicles in the financial year which is same output as previous year and 4% increase on their original plan and with very much stable production plan throughout the year.
Even though several new vehicle models were introduced during the year, Honda struggled to expand their business in the EU and experienced hardly any business growth in the region from the previous year. Despite minimum growth of Honda, our sales turnover to Honda increased 6% against original budget due to increased take rate for our Audio products being fitted to the Civic model ranges. However, year on year turnover result with Honda showed a big decrease of 87% not only because of reduced car production, but continued effect of not supplying navigation units due to end of production requirement.

Sales for the aftermarket business throughout the last year have continued to be tough as we had limited new product ranges as well as severe price competitions within the retail market.

During the 1st half of the financial year, Alpine enjoyed good sales from our Land Rover Parts and Accessory business. However during the 2nd half this business ended due to change in customer requirement and thus having a negative financial impact on us.

Profit on ordinary activities before tax increased by 204% during the year. The decrease in sales (21%) was more than offset by a currency exchange gain of £1m. In the next year while the pricing pressures remain, the group's continuous focus on "value engineering" will bring further benefits to our future operating margins.

Strategic report (Cont'd)

In order to support current sales activities and expected growth in future sales, our Swedish branch office based in Gothenburg, continues to be well supported with further increase in resources and office investments, as work on development of new models continues with our customers.

Future developments

The directors anticipate that the company's current activities are expected to continue. Future product developments and innovation supplied to existing market segments supported by continued investment by the Alpine Group will provide continued focus on profitable growth.

Looking ahead to the future for our aftermarket business, we will carry on with the promotion of our "Car by Car" solutions, and we will have new variations targeting VW and Skoda vehicles in the next financial year. Later in the year we will also have an updated version which will have functional capability for both "Carplay" and "Androidauto", and we are expecting this to create further demand in the market and increase our sales.

Alongside these new areas of focus are our "Perfect Fit" packaged solutions, where we provide complete "plug`n`play" solutions, often using locally sourced parts, to upgrade and add features or products not available as factory options, and to fit into certain type of vehicles(e.g. VW Transporter and Land Rover Defender).

We have obtained new business from Isuzu importer International Motors for semi OEM business on their 2017 model year, supplying new D-MAX based on the aftermarket new infotainment platform. This business will start during the financial year 2017 and we are expecting turnover of GBP 1 million a year over 4 years.

Our vision for future growth is still very much focussed on both traditional car audio products and bespoke solution, resulting in us being a major player in the supply of AudioVisual (AV) & Navigation (Navi) systems for vehicles, and recent product introductions have seen us take an increased share in this area, including our unique large 8 and 9 inche touch screen AV/Navi solutions.

As Smartphones become increasingly important in all aspects of our lives, the future will inevitably mean more reliance on these devices and, therefore, more applications and connectivity for home, personal and Automotive use, which will become a major driver of in car technology solutions.

For future developments over the next 1-2 years with regard to our OEM customer Jaguar Land Rover (JLR) and sales outlook, deliveries of Alpine's "Integrated Audio Module" (IAM) products, the IAM 2.1 product variant, which has been the bulk of Alpine sales amount over recent years, will end in October 2016. Sales of "Fresh Air Subwoofer" (FAS) will continue, and expand as it is introduced on to new vehicle models, but this is a low value product, meaning overall JLR sales will reduce significantly during the financial year 2017.

JLR local production in China via Joint Venture expanded, although the China market itself has been slow but is now recovering. A new factory in Brazil is under construction to serve the local market, and a new factory in Slovakia will start to build cars at the end of 2018. Alpine "Fresh Air Subwoofer" (FAS) will be introduced on further JLR vehicle models.

Looking at future business developments over the next 3–5 years, Alpine is currently in detailed negotiation for new JLR business to launch around 2019 time frame, and the decision on this is expected by end of 2016.

For future developments over the next 1-2 years with regard to our OEM customer Volvo Car Corporation (VCC) and sales outlook, sales expected to grow due to the launch of Scalable Platform Architecture (SPA) to supply display screens for the "central stack display" (CSD) business, as well as supplying amplifiers and "Fresh Air Subwoofer" (FAS) across some of the VCC vehicle model ranges.

Looking at future business developments over the next 3–5 years, Alpine sales to Volvo will continue to grow due to the SPA business to supply display screens for the "central stack display" (CSD), amplifiers and "Fresh Air Subwoofer" (FAS) across all vehicle model ranges.

Strategic report (Cont'd)

With regard to the OEM Honda business growth over the next 1-2 years, supply of current Factory fit Navigation system business stopped during the financial year due to change in customer requirements. Furthermore we are facing an end to supplying Honda with our main Audio products by end of next financial year due to the replacement business going to our competitors.

With regard to future business development with Honda's European operation over the next 3-5 years, the key activity is to get the new business on the upcoming vehicle model year change as well as optional accessory channel business for future sales expansion.

Principal risks and uncertainties

Legislative issues
Alpine UK has now developed internal controls and is fully in compliance with "J-SOX" financial requirements that govern Alpine headquarters and affiliates.

There is a continuous requirement to update and maintain our "J-SOX" internal controls and processes in order to report under "J-SOX" compliance.

Competitive risks
Competition remains high in the markets in which the company operates. However strong relationships with OEM customers ensure this is managed successfully.

Financial risks
Alpine UK continuously reviews its policies regarding "aged debt" management and the potential exposure to risk as a result of financial difficulties of our customers, and in order to control and improve aged debt and reduce financial risks in this area of operation.

To reduce and manage risks well and to respond quicker to the challenges that can be faced, Alpine (in conjunction with our headquarters) holds a Risk Management Meeting (RMM) regularly, to manage and control, issues related to aged debt, insolvency, inventory management, in order to manage better Alpine's cash flow and working capital position.

The nature of our business means that we work in multiple currencies and this means that we need to continue to carefully manage our exposures to exchange rate fluctuations.

On behalf of the board

Jun Wakebe

J. Wakebe

Director

12 December 2016

Directors' report

The directors present their report and financial statements for the year ended 31 March 2016.

Principal activities and review of the business

The principal activity of the company during the year continues to be the sale of Mobile Media systems comprising mainly of car audio equipment, navigation systems and multimedia products.

Directors

The directors who served the company during the year were as follows:

M A Ford
A Aramberri
T Tanaka (Resigned 25 February 2016)
T Kobayashi
N Mizuno
T Wataji (Appointed 8 February 2016)
T Wataji (Resigned 12 May 2016)
J Wakebe (Appointed 7 April 2016)

Directors' qualifying third-party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

Going concern

The company's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, credit, liquidity and cash flow are described above. The company and group have considerable financial resources with strong existing relationships with both customers and suppliers across different geographical areas. As a consequence the directors believe that the company is well placed to manage its business risk successfully. After making enquiries, the directors have reasonable expectations that the company and the other group members whom the company depends on for supplies, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Jay Odedra
Secretary

Date: 12 December 2016

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent auditors' report

to the members of Alpine Electronics of UK Limited

We have audited the financial statements of Alpine Electronics of UK Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Independent auditors' report (Cont'd)

to the members of Alpine Electronics of UK Limited

Matters on which we are required to report by exception

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Chris Nobbs (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Luton
Date: 13 December 2016

Statement of comprehensive income

for the year ended 31 March 2016

	Notes	*2016* *£'000*	*2015* *£'000*
Turnover	3	138,538	175,659
Cost of sales		(130,465)	(164,943)
Gross profit		8,073	10,716
Distribution costs		(4,266)	(5,705)
Administrative expenses		(1,510)	(4,253)
Operating profit	4	2,297	758
Interest receivable and similar income	7	5	1
Interest payable and similar charges	8	(1)	(3)
Profit on ordinary activities before taxation		2,301	756
Tax	9	(487)	(213)
Profit for the financial year		1,814	543
Other comprehensive income		–	–
Total comprehensive income for the year		1,814	543

There was no other comprehensive income for 2016 and 2015

All amounts relate to continuing activities.

Statement of changes in equity

	Share capital *£'000*	*Retained earnings* *£'000*	*Total Equity* *£'000*
At 1 April 2014	4,500	12,132	16,632
Profit for the financial year	–	543	543
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	543	543
Dividends paid	–	(516)	(516)
At 1 April 2015	4,500	12,159	16,659
Profit for the financial year	–	1,814	1,814
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	1,814	1,814
Dividends paid	–	(194)	(194)
At 31 March 2016	4,500	13,779	18,279

The above disclosure includes capital redemption reserve of £1 (2015: £1).

Balance sheet

at 31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	11	421	483
Intangible assets	12	71	90
		492	573
Current assets			
Stocks	13	15,777	18,614
Trade debtors		24,910	29,792
Amounts owed by group undertakings	14	439	291
Other debtors	15	2,050	633
Prepayments and accrued income		312	217
Deferred tax assets		29	43
Cash at bank and in hand		16,390	12,421
		59,907	62,011
Creditors: amounts falling due within one year	16		
Trade creditors		283	489
Amounts owed to group undertakings		36,013	38,771
Income tax payable		260	-
Other creditors including tax and social security		158	147
Accruals and deferred income		2,438	3,453
		39,152	42,860
Net current assets		20,755	19,151
Total assets less current liabilities		21,247	19,724
Provisions for liabilities	17	2,968	3,065
Net assets		18,279	16,659
Capital and reserves			
Called up share capital	18	4,500	4,500
Retained earnings		13,779	12,159
Total equity		18,279	16,659

The financial statements were approved by the board on 12 December 2016 and signed on its behalf by

Jun Wakebe

J. Wakebe

Director

Notes to the financial statements

at 31 March 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Alpine Electronics of UK Limited (the "Company") for the year ended 31 March 2016 were authorised for issue by the board of directors on 12 December 2016 and the balance sheet was signed on the board's behalf by Mr Jun Wakebe. Alpine Electronics of UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures.

(b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment.

(c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;

(d) the requirements of IAS 7 Statement of Cash Flows;

(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in

Accounting Estimates and Errors;

(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

The company's business activities, together with factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to price, credit, liquidity and cash flow are described above. The company and group have considerable financial resources with strong existing relationships with both customers and suppliers across different geographical areas. As a consequence the directors believe that the company is well placed to manage its business risk successfully. After making enquiries, the directors have reasonable expectations that the company and the other group members whom the company depends on for supplies, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the financial statements
at 31 March 2016

2. Accounting policies (Continued)

Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements under FRS 101 requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimated. The most significant judgements and estimates are those used in the calculation of warranty provision.

In the opinion of the directors, there are no other key judgments or sources of estimation uncertainty which could materially impact the financial statements.

Revenue recognition

Revenue, which is stated net of value added tax, represents amounts invoiced to customers. Revenue from the sale of goods is recognised when sufficient risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Intangible fixed assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Plant and machinery	–	3 to 14 years
Fixtures and fittings	–	10 to 15 years
Motor vehicles	–	5 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 March 2016

2. Accounting policies (Continued)

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions for the expected cost of repairs under guarantees are charged against profits when products have been invoiced. Actual costs of guarantee repairs are charged against the provision as incurred.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where the transactions or events result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax assets and liabilities are not discounted.

Financial Instruments

1) Financial assets

The Company's financial assets include cash, trade and other receivables.

Non - derivative financial assets are classified as either 'available for sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables - Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents - Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business.

Finance income is accounted for on an accruals basis and credited to the Income Statement when receivable.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets are assessed for indicators of impairment at each balance sheet 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 of the investment have been impacted.

Notes to the financial statements

at 31 March 2016

2. Accounting policies (Continued)

I) Financial assets (Continued)

For financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

ii) Financial liabilities

The Company's financial liabilities include trade and other liabilities.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial liabilities are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Debtors

Trade receivables, which generally have 30 to 60 day terms are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when probability of recovery is assessed as being remote.

Foreign currencies

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Operating lease agreements

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

Notes to the financial statements
at 31 March 2016

3. Turnover

Turnover as recognised in the income statement relates solely to the sale of goods and from one continuing activity.

An analysis of turnover by geographical market is given below:

	2016	*2015*
	£'000	*£'000*
United Kingdom	110,620	157,878
Continental Europe	27,898	17,135
Other	20	646
	138,538	175,659

4. Operating profit

This is stated after charging/(crediting):

	2016	*2015*
	£'000	*£'000*
Depreciation of property, plant and equipment	241	237
Cost of stocks recognised as an expense (included in cost of sales)	95,647	138,443
including - write-down of stocks	204	14
Including - reversal of write-down of stocks	–	(155)
Net (gain)/loss on foreign currency translation	(1,003)	1,547
Operating lease rentals – land and buildings	296	338
– plant and machinery	84	79
	380	417

The write down of stocks arose due to an increase in the slow moving stock. This was due in part to some products coming to the end of production and being held for service stock.

5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company.

	2016	*2015*
	£000	*£000*
Auditors' remuneration		
- audit services	101	86
- taxation	20	24
- other services	13	54
	134	164

Notes to the financial statements
at 31 March 2016

6. Staff costs and directors' remuneration

(a) Staff costs

	2016 £'000	2015 £'000
Wages and salaries	2,806	3,002
Social security costs	414	444
Other pension costs	351	313
	3,571	3,759

The amount for other pension costs relates to payments made to a defined contribution scheme.

The average monthly number of employees during the year was made up as follows:

	No.	No.
Distribution staff	49	49
Administrative staff	13	15
Directors	1	1
	63	65

(b) Directors' remuneration

	2016 £'000	2015 £'000
Directors' remuneration	189	192
Members of defined contribution pension schemes	–	–
In respect of the highest paid director:		
Aggregate remuneration	174	192

7. Interest receivable and similar income

	2016 £'000	2015 £'000
Bank interest receivable	1	1
Other interest receivable	4	–
	5	1

8. Interest payable and similar charges

	2016 £'000	2015 £'000
Bank interest payable	1	3

Notes to the financial statements
at 31 March 2016

9. Tax

(a) Tax on profits on ordinary activities

The tax charge is made up as follows:

	2016	*2015*
	£'000	*£'000*
Current tax:		
UK corporation tax on the profits for the year	499	195
Tax underprovided/(overprovided) in previous years	(21)	(26)
Double taxation relief	(27)	(80)
	451	89
Foreign tax	22	81
Total current tax	473	170
Deferred tax:		
Current year	(8)	(5)
Adjustment in respect of previous periods	19	48
Effect of changes in tax rates	3	–
Total deferred tax	14	43
Tax per income statement	487	213

(b) Factors affecting the current tax charge for the year

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016	*2015*
	£'000	*£'000*
Profit on ordinary activities before tax	2,301	756
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 % (2015 – 21%)	460	159
Effects of:		
Expenses not deductible for tax purposes	7	4
Adjustments in respect of previous periods	22	47
Tax rate changes	3	2
Effects of overseas tax rates	(5)	1
Tax charge for the year	487	213

Notes to the financial statements
at 31 March 2016

9. Tax (continued)

(c) Balance sheet amounts

Current liabilities

	2016 £'000	2015 £'000
Corporation tax	260	(407)

Deferred tax (assets) / liabilities:

	2016 £'000	2015 £'000
Provision at start of period	(43)	(86)
Adjustments in respect of previous years	19	48
Deferred tax charge to the Income statement	(5)	(5)
Provision at end of period	(29)	(43)

(d) Factors that may affect future tax charges

Finance Bill 2015 included a reduction in the rate of corporation tax to 19% and 18% effective from 1 April 2017 and 1 April 2020 respectively. These rates were substantively enacted at the balance sheet date and therefore have been used to calculate deferred tax.

10. Dividends paid and proposed

Equity dividends on ordinary shares:	2016 £'000	2015 £'000
Dividend paid in the year	194	516
Final dividend proposed	1,455	194

Notes to the financial statements
at 31 March 2016

11. Tangible fixed assets

	Plant and machinery £'000	*Fixtures and fittings £'000*	*Motor vehicles £'000*	*Total £'000*
Cost:				
At 1 April 2015	1,600	918	78	2,596
Foreign currency adjustment	22	8	1	31
Additions	38	34	44	116
Disposals	(14)	(7)	–	(21)
At 31 March 2016	1,646	953	123	2,722
Depreciation:				
At 1 April 2015	(1,302)	(757)	(54)	(2,113)
Foreign currency adjustment	(18)	(7)	(1)	(26)
Provided during the year	(124)	(46)	(13)	(183)
Disposals	14	7	–	21
At 31 March 2016	(1,430)	(803)	(68)	(2,301)
Net book value:				
At 31 March 2016	216	150	55	421
At 1 April 2015	298	161	24	483

12. Intangible fixed assets

	Computer software £'000	*Total £'000*
Cost:		
At 1 April 2015	565	565
Foreign currency adjustment	-	-
Additions	39	39
Disposals	-	-
At 31 March 2016	604	604
Depreciation:		
At 1 April 2015	(475)	(475)
Foreign currency adjustment	-	-
Provided during the year	(58)	(58)
Disposals	-	-
At 31 March 2016	(533)	(533)
Net book value:		
At 31 March 2016	71	71
At 1 April 2015	90	90

Notes to the financial statements
at 31 March 2016

13. Stocks

	2016	2015
	£'000	£'000
Goods in transit	11,291	12,062
Finished goods	4,486	6,552
	15,777	18,614

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. Amounts owed by group undertakings

This balance consists of recharges to various group companies. Balances are normally settled on 30 day terms.

15. Other debtors

	2016	2015
	£'000	£'000
VAT receivable	1,794	226
Income tax receivable	–	407
Import duty receivable	256	–
	2,050	633

16. Creditors

Non group trade creditors consist of amounts owed for general overhead expenses. Balances are normally settled on 30 day terms.

Amounts owed to group companies are predominantly for purchased inventory. These balances are normally settled on an average 60 day terms.

Notes to the financial statements
at 31 March 2016

17. Provisions for liabilities

	Warranty provision *£'000*	*Total* *£'000*
At 1 April 2015	3,065	3,065
Additions in the year	1,132	1,132
Utilised in the year	(1,229)	(1,229)
At 31 March 2016	2,968	2,968

Warranty provision

A provision is recognised for expected warranty claims on products sold during the last 3 to 4 years. Assumptions used to calculate the provision were based on sales levels and information on return levels and average claim values. It is expected that most of these costs will be incurred in the next 2 years and all will have been incurred within 3 years of the balance sheet date.

18. Issued share capital

Allotted, called up and fully paid	*No.*	*2016* *£'000*	*No.*	*2015* *£'000*
Ordinary shares of £1 each	4,500	4,500	4,500	4,500

19. Other financial commitments

At 31 March 2016 the company had annual commitments under non-cancellable operating leases as set out below:

	2016 *Land and buildings* *£'000*	*2016* *Other* *£'000*	*2015* *Land and buildings* *£'000*	*2015* *Other* *£'000*
Operating leases which expire:				
Within one year	248	67	251	73
In one to five years	812	27	54	49
In over five years	–	–	–	–
	1,060	94	305	122

The company has a guarantee in favour of Sumitomo Mitsui Banking Corporation Europe Limited of £1,000,000 (2015 – £1,000,000) relating to HM Customs and Excise VAT/duty deferment.

The company also has a guarantee in favour of The Bank of Tokyo – Mitsubishi UFJ Limited of £1,000,000 (2015 – £1,000,000) relating to HM Customs and Excise VAT/duty deferment.

The company also has a guarantee in favour of Sumitomo Mitsui Banking Corporation Europe Limited of HUF 800,000,000 (approx. £2,000,000) (2015 – HUF 200,000,000 (approx. £500,000)) relating to Hungary National Tax and Customs Authority for the Hungary Warehousing Tax (VAT) operation.

Notes to the financial statements

at 31 March 2016

20. Off-balance sheet arrangements

The Company enters into operating lease arrangements for the hire of buildings and plant & equipment as these arrangements are a cost effective way of obtaining the short-term benefits of these assets. The total commitments under these arrangements are disclosed in Note 16. There are no other material off-balance sheet arrangements.

21. Related party transactions

The company has taken advantage of the exemption available under FRS101 Reduced Disclosure Framework, not to disclose details of its transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transaction are wholly owned by the ultimate controlling party.

22. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Alps Electric Company Limited, incorporated in Japan. The smallest undertaking for which group financial statements are prepared is Alpine Electronics Inc., also incorporated in Japan. Copies of the financial statements for these companies may be obtained from the company's registered office.

23. Post balance sheet events

At the balance sheet date the company was in dispute with HM Revenue & Customs over the correct amount of import duty applicable to certain navigational products. The court case to hear the company's appeal against the HMRC ruling was held in February 2016. In June 2016 the judgement was released in the company's favour. Subsequently a repayment of import duty was made to the company in September 2016 of £255,769. An adjustment to cost of sales and other debtors has been made to the statement of comprehensive income and balance sheet respectively.

The result of the EU referendum on June 23rd and the subsequent decision by the UK government to leave the European Union had a major impact on the pound's exchange rate with foreign currencies. The company transacts heavily in Japanese yen, US dollars and euros, and this resulted in a foreign currency exchange gain of £2.8m in the period April 2016 to September 2016. No adjustment has been made in the financial statements for this gain.

24. Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 April 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1st of April 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Notes to the financial statements
at 31 March 2016

Reconciliation of equity as at 1st of April 2014

	UK GAAP £'000	FRS101 Re-measurement £'000	FRS101 £'000
Fixed assets			
Tangible assets	186	378	564
Intangible assets	25	105	130
	211	483	694
Current assets			
Stocks	24,601		24,601
Trade debtors	43,125		43,125
Amounts owed by group undertakings	19		19
Other debtors	1,006		1,006
Prepayments and accrued income	1,791		1,791
Deferred tax assets	86		86
Cash at bank and in hand	11,969		11,969
	82,597		82,597
Creditors: amounts falling due within one year			
Trade creditors	488		488
Amounts owed to group undertakings	57,224		57,224
Income tax payable	-		-
Other creditors including tax and social security	127		127
Accruals and deferred income	5,608		5,608
	63,447		63,447
Net current assets	19,150		19,150
Total assets less current liabilities	19,361	483	19,844
Provisions for liabilities	3,213		3,213
Net assets	16,148	483	16,631
Capital and reserves			
Called up share capital	4,500		4,500
Retained earnings	11,648	483	12,131
Total equity	16,148	483	16,631

Notes to the financial statements
at 31 March 2016

Reconciliation of equity as at 31st of March 2015

	UK GAAP	FRS101Re-measurement	FRS101
	£'000	£'000	£'000
Fixed assets			
Tangible assets	189	294	483
Intangible assets	21	69	90
	210	363	573
Current assets			
Stocks	18,614		18,614
Trade debtors	29,792		29,792
Amounts owed by group undertakings	291		291
Other debtors	633		633
Prepayments and accrued income	217		217
Deferred tax assets	43		43
Cash at bank and in hand	12,421		12,421
	62,011		62,011
Creditors: amounts falling due within one year			
Trade creditors	489		489
Amounts owed to group undertakings	38,771		38,771
Income tax payable	-		-
Other creditors including tax and social security	147		147
Accruals and deferred income	3,453		3,453
	42,860		42,860
Net current assets	19,151		19,151
Total assets less current liabilities	19,361	363	19,724
Provisions for liabilities	3,065		3,065
Net assets	16,296	363	16,659
Capital and reserves			
Called up share capital	4,500		4,500
Retained earnings	11,796	363	12,159
Total equity	16,296	363	16,659

Notes to the financial statements

at 31 March 2016

Restatement of equity from UK GAAP to FRS101

Under IAS 16 Property, Plant and Equipment the company is required to review the useful life of its assets at least once every financial year. The company has undertaken this exercise as at the date of transition and has revised the useful life of each group of assets. This has resulted in increased asset lives and therefore an increase in asset net book value and equity of £483,000 as at 1st of April 2014 and £363,000 as at 31st of March 2015.

Reconciliation of total comprehensive income

The effect of re-measurement differences on the reported total comprehensive income of the company for the year ended 31st March 2015 is as follows:

	£'000
Total comprehensive income for the year ended 31st March 2015 under UK GAAP	664
Depreciation adjustment	(121)
Total comprehensive income for the year ended 31st March 2015 under FRS101	543