

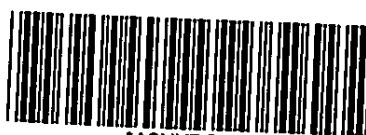
Registered number: 2607806

## **SANOH UK MANUFACTURING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

TUESDAY



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# **SANOH UK MANUFACTURING LIMITED**

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# **SANOH UK MANUFACTURING LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

P Davis  
W J Burke  
Y Takeda  
R Harada  
J Hayashi  
Y Sunaga  
N Tanaka  
S Tanaka

### **COMPANY SECRETARY**

W J Burke

### **REGISTERED NUMBER**

2607806

### **REGISTERED OFFICE**

Grandeur Point  
Fourth Way  
Avonmouth  
Bristol  
BS11 8DL

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
31 Great George Street  
Bristol  
BS1 5QD

### **BANKERS**

Lloyds Bank Plc  
15 High Street  
Westbury on trym  
Bristol  
BS9 3DA

## **SANOH UK MANUFACTURING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

The directors present their annual report and the audited financial statements of Sanoh UK Manufacturing Limited ("the company") for the year ended 31 March 2013

### **PRINCIPAL ACTIVITIES**

The company manufactures steel and nylon tubular products for the automotive industry from factories in Bristol and Sunderland. A third, smaller property at Derby was closed during the year after the end of the contract to supply parts to Toyota for the Auris.

### **BUSINESS REVIEW**

In many ways this review is similar to that of the previous twelve months but without the adverse impact of the natural disasters that had so significantly affected our customers that year. The results therefore show a healthy increase in turnover and a return to a reasonable level of profit for the first time since 2008.

The bulk of the increased volume was a recovery in sales to Honda, who had been most affected by the disasters the previous year. Tight control of fixed cost as volumes increased, some resourcing of raw materials and a welcome improvement in exchange rates as the pound began to strengthen in the second half of the year ensured that the improvement fed through to the bottom line.

The Derby plant was closed around mid-year, demand had fallen to such an extent that it was no longer profitable. The end of the Toyota Auris contract will not therefore have a marked effect on future results. The closure incurred minimal cost and we must pay tribute to the loyalty and flexibility of the workforce, who ensured that the business was completed and closed down in the most efficient way possible. We wish them well in their future careers.

Another milestone was the early repayment of the inter-company loan from our parent company in Japan. Their enormous support over the past few years has been and is very much appreciated, since they have been responsible for the company's survival. We hope that our performance over the coming years will repay the faith they have shown in the business. The company now has a small bank loan, once again arranged with parent company support, which is being repaid.

### **Key Performance Indicators**

	<b>2013</b>	<b>2012</b>	
Growth in sales	25%	28%	Year on year sales growth expressed as a percentage
Customer rejects	29	379	Average of customer rejects per million parts delivered as reported by our major customers
On time deliveries	99.6%	99.8%	Average of on time delivery performance as reported by our major customers who demand timed delivery schedules each day

As expected the customer rejects figure has recovered dramatically from the unusually high 2012 figure, which was distorted by one consignment being returned to us for re-sorting.

### **Business Environment**

The European automotive sector remains at a low ebb. Plant closures to date have not been sufficient to bring supply into line with demand and so we have to recognise that further rationalisation is required. Individual plants know that their survival could depend on their performance and feel under pressure to improve efficiency, costs, quality, and response times. Predictably these pressures are in turn also passed on to suppliers and so we can expect a few more challenging years.

## **SANOH UK MANUFACTURING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

#### **Strategy**

We will continue to offer our customers the quality of product and level of service that they have come to expect from us over the years and seek ways to develop our relationship with them for mutual benefit. A particular focus recently has been the identification and implementation of cost saving measures to maintain the competitiveness of customers' products.

#### **RESULTS AND DIVIDENDS**

The results for the company show a profit for the financial year of £1,744,000 (2012 £151,000) and turnover of £26,385,000 (2012 £21,049,000). The company has net debt of £295,000 (2012 net debt of £2,052,000). Net cash inflow from operating activities was £2,299,000 (2012 £648,000).

The directors have not proposed the payment of a dividend (2012 £Nil). The aggregate dividend on the ordinary shares recognised during the year amounts to £Nil (2012 £Nil).

#### **FUTURE OUTLOOK**

A small contract to supply parts to Ford for the Transit van will run out during the coming year. This will be more than offset by contracts for the new Note and Leaf at Nissan, increased volumes from the new models being introduced at Jaguar Land Rover and a revamped product range at Honda.

We also still expect to transfer, to another group company, some low added value work to part process straight pipes for an associated company in Europe. This is part of Sanoh Group plans to rationalise, strengthen and grow its European business. However new business already in the pipeline from Jaguar Land Rover means that the business will continue to develop over the coming years.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks affecting the company are set out below.

##### **Competition**

The limited number of competitors in the UK is a reflection of the number of major contracts available and the limited number of car manufacturers in the country. The automotive companies are nevertheless adept at managing contract negotiations whatever the number of potential suppliers and would not be averse to bringing a new supplier into the country. We are therefore well aware of the threat from the competition and seek to mitigate it by maintaining close communications with our customers at all times and continually reviewing our manufacturing and business processes to improve the service we offer.

##### **Product warranty**

Total cover against all warranty costs would be prohibitively expensive but we believe it is right to have a limited cover in place. However, the cost of limited cover would increase significantly with a poor claims record. The real defence against warranty costs has to remain our focus on providing quality products to customers, thus eliminating the problem at source. Quality concerns will continue to be investigated fully and we will take any opportunity that is identified to improve the product and/or eliminate unnecessary waste.

##### **Market**

There is an obvious exposure to market risk, with a limited number of customers in one business sector and very little opportunity to expand into exports. This is exacerbated at present by the excess capacity in the European car industry, though we do believe that our current customer base offer good product ranges and produce them in efficient plants. We seek to expand our customer base whenever possible but see ourselves continuing to be an automotive component supplier for the foreseeable future. A return to making profits should provide an opportunity to rebuild our reserves to develop the strength to ride out short term market changes and to allow the time to adapt the company structure for longer term changes.

## **SANOH UK MANUFACTURING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

#### **FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk, interest rate risk and exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

##### **Price risk**

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

##### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors at which point the total exposure to any individual counterparty is considered.

In common with other businesses we must now also recognise that there is a risk to cash and cash deposits with financial institutions. The strength and stability of those with whom we deal is therefore an important factor considered in the selection process.

##### **Interest rate risk**

The company has had occasional interest bearing assets and more significant interest bearing liabilities.

The interest bearing assets have been short-term cash balances, which may be available from time to time and have been invested at variable rate. Short-term borrowings on overdraft and invoice discounting to cover day-to-day fluctuations in cash requirements are arranged on variable interest rates.

The inter-company loan is arranged on fixed interest rates and borrowings against the newer bank loan facility are at rates fixed at the time of each drawing.

##### **Exchange rate risk**

The company has always made significant purchases in Japanese yen but a proportion of these are matched by customer sales price variation agreements linked to the sterling/yen exchange rate. We have also developed a US dollar source for some of these purchases which has more recently restricted the impact of yen strength. The company also has income from sales in euros that are partially offset by euro purchases.

The remaining exposures, being spread throughout the year, are subject to a degree of 'averaging' that reduces the exposure to short-term fluctuations but the company will review the costs and benefits of managing the remaining longer-term risk of more permanent exchange rate movements in the light of recent experience.

##### **Liquidity risk**

The company has a small overdraft and larger invoice discounting in place. It is planned that this latter will be discontinued and replaced with a more easily managed bank loan facility. The directors believe that these provide the resources necessary to support the company and its operations.

#### **DIRECTORS' INSURANCE AND INDEMNITIES**

The directors have the benefit of the indemnity provisions contained in the Company's Articles and the company has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the company, the directors and its officers. The company has entered into qualifying third party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

## **SANOH UK MANUFACTURING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013**

#### **DISABLED PERSONS**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

#### **EMPLOYEE INVOLVEMENT**

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

#### **DIRECTORS**

The directors who served during the entire year and up until the date of signing the financial statements were

P Davis  
W J Burke  
Y Takeda  
R Harada  
J Hayashi  
Y Sunaga  
N Tanaka  
S Tanaka

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**SANOH UK MANUFACTURING LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2013**

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *19 December 2013* and signed on its behalf by



**P Davis**  
Director



## **SANOH UK MANUFACTURING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOH UK MANUFACTURING LIMITED**

We have audited the financial statements of Sanoh UK Manufacturing Limited for the year ended 31 March 2013, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON 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 2013 and of its profit and cash flows 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**SANOH UK MANUFACTURING LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOH UK MANUFACTURING 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

*Duncan Stratford*

Duncan Stratford (Senior Statutory Auditor)  
for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

31 Great George Street

Bristol

BS1 5QD

Date *20 December 2013*

**SANOH UK MANUFACTURING LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
<b>TURNOVER</b>	1,2	<b>26,385</b>	<b>21,049</b>
Change in stocks of finished goods and work in progress		(380)	57
Own work capitalised		31	89
Raw materials and consumables		(15,294)	(13,415)
Other operating charges		(1,053)	(1,310)
Staff costs	4	(6,702)	(5,621)
Depreciation		(624)	(514)
<b>OPERATING PROFIT</b>	3	<b>2,363</b>	<b>335</b>
Interest payable and similar charges	6	(59)	(120)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,304</b>	<b>215</b>
Tax on profit on ordinary activities	7	(560)	(64)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<b>1,744</b>	<b>151</b>

All amounts relate to continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account

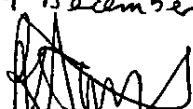
The notes on pages 12 to 23 form part of these financial statements

**SANOH UK MANUFACTURING LIMITED**  
**REGISTERED NUMBER. 2607806**

**BALANCE SHEET**  
**AS AT 31 MARCH 2013**

	Note	£000	2013 £000	2012 £000
<b>FIXED ASSETS</b>				
Tangible assets	8		3,729	3,870
<b>CURRENT ASSETS</b>				
Stocks	10	3,442		3,427
Debtors	11	4,455		3,572
Cash at bank and in hand		705		598
		<u>8,602</u>		<u>7,597</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(7,843)</u>		<u>(7,397)</u>
<b>NET CURRENT ASSETS</b>			<u>759</u>	<u>200</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,488</u>	<u>4,070</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13		-	(1,450)
<b>PROVISIONS FOR LIABILITIES</b>				
Deferred taxation	14		(124)	-
<b>NET ASSETS</b>			<u>4,364</u>	<u>2,620</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	15		390	390
Capital redemption reserve	16		1,170	1,170
Profit and loss account	16		2,804	1,060
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17		<u>4,364</u>	<u>2,620</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
19 December 2013 by



**P Davis**  
Director

The notes on pages 12 to 23 form part of these financial statements

**SANOH UK MANUFACTURING LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013**

	<b>Note</b>	<b>2013 £000</b>	<b>2012 £000</b>
Net cash flow from operating activities	18	2,299	648
Returns on investments and servicing of finance	19	(59)	(120)
Taxation		-	(1)
Capital expenditure and financial investment	19	(483)	(361)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>1,757</b>	<b>166</b>
Financing	19	(1,650)	-
<b>INCREASE IN CASH IN THE YEAR</b>		<b>107</b>	<b>166</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 MARCH 2013**

	<b>2013 £000</b>	<b>2012 £000</b>
Increase in cash in the year	107	166
Cash outflow from decrease in debt and lease financing	1,650	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>1,757</b>	<b>166</b>
Net debt at 1 April 2012	(2,052)	(2,218)
<b>NET DEBT AT 31 MARCH 2013</b>	<b>(295)</b>	<b>(2,052)</b>

The notes on pages 12 to 23 form part of these financial statements

## **SANOH UK MANUFACTURING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company is a wholly owned subsidiary of Sanoh Industrial Company Limited of Japan and is included in the consolidated financial statements of Sanoh Industrial Company Limited of Japan which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

##### **1.2 Turnover**

Turnover is stated net of value added tax. It represents the value of goods supplied and is recognised at the point of delivery, when the risks and rewards of ownership pass to the customer.

##### **1.3 Tangible fixed assets and depreciation**

Following the introduction of Financial Reporting Standard 15, 'Tangible fixed assets' in previous years, the company decided to adopt a policy of freezing revalued assets at their current valuation balance, as permitted under the transitional arrangements, and no further revaluation of assets is planned.

Tangible fixed assets are stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	Over the lease term
Plant, machinery and office equipment	-	10% to 33 1/3% on a straight line basis
Motor vehicles	-	35% on a reducing balance basis
Assets in the course of construction	-	Nil

##### **1.4 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

## **SANOH UK MANUFACTURING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.5 Stocks**

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows

Raw Materials Purchase cost on a first in, first out basis

Work in progress and finished goods Cost of direct materials and labour, plus an appropriate proportion of attributable overheads based on the normal level of activity

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

Provisions are made for obsolete or slow moving items

##### **1.6 Current and deferred taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the Balance Sheet date

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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 differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### **1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

##### **1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### **1.9 Recognition of profit on tooling projects**

Tooling projects are considered on a contract specific basis and profit recognised when earned in line with the terms of the contract

## **SANOH UK MANUFACTURING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.10 Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase agreements are capitalised in the Balance Sheet and are depreciated over their useful lives or the length of the lease if shorter. The interest element of rental obligations is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the term of the lease.

##### **1.11 Dividend distribution**

A final dividend distribution to the company shareholders is recognised as a liability when it is appropriately authorised and no longer at the discretion of the company. Interim dividends are recognised when paid.

#### **2. TURNOVER**

Turnover is attributable to one activity, the manufacture of components for the car industry.

A geographical analysis of turnover is as follows:

	2013 £000	2012 £000
United Kingdom	22,724	17,525
Europe	3,655	3,524
Rest of world	6	-
	<u>26,385</u>	<u>21,049</u>

#### **3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2013 £000	2012 £000
Depreciation of tangible fixed assets		
- owned by the company	624	514
Auditors' remuneration - audit services	19	19
Auditors' remuneration - tax and other services	9	11
Operating lease rentals		
- plant and equipment	16	25
- land and buildings	171	223
(Gain)/ Loss on foreign exchange	(93)	35
	<u></u>	<u></u>



# **SANOH UK MANUFACTURING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

### **4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>6,167</b>	5,172
Social security costs	<b>501</b>	418
Other pension costs	<b>34</b>	31
	<b><u>6,702</u></b>	<b><u>5,621</u></b>

The average monthly number of employees, including the directors, during the year was as follows

	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>
Hourly paid	<b>267</b>	233
Staff	<b>44</b>	42
	<b><u>311</u></b>	<b><u>275</u></b>

### **5 DIRECTORS' REMUNERATION**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments	<b><u>217</u></b>	<b><u>293</u></b>
Company pension contributions to defined contribution pension schemes	<b><u>3</u></b>	<b><u>3</u></b>

During the year retirement benefits were accruing to 1 director (2012 - 1), who is the highest paid director, in respect of defined contribution pension schemes. The ultimate parent company, Sanoh Industrial Company Limited, also contributes to a Japanese defined benefit pension fund for one UK based director.

Under a cost sharing agreement £31,000 (2012 £93,000) of the above costs are funded by Sanoh Industrial Company Limited and £9,000 (2012 £37,000) by Sanoh Europe (France) EURL, an associated company.

The emoluments of Mr Takeda, Mr Harada, Mr Hayashi, Mr Sunaga, and Mr N Tanaka are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of these directors.

From August 2012 the emoluments of Mr S Tanaka are paid by an associated company. His services to this company are of a non-executive nature and his emoluments are deemed to be wholly attributable to his service to the associated company. Accordingly, the above details include no emoluments in his respect since that time.

The highest paid director received remuneration of £91,000 (2012 £171,000).

**SANOH UK MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**6. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	2013 £000	2012 £000
Bank overdraft interest	1	1
Interest on loans wholly repayable within five years	52	110
Invoice discounting	7	9
Other interest receivable and similar income	(1)	-
	<u>59</u>	<u>120</u>

**7. TAX ON PROFIT/ ON ORDINARY ACTIVITIES**

	2013 £000	2012 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	427	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(33)	(13)
Utilisation of losses brought forward	169	81
Previous year under provision	(3)	(4)
	<u>133</u>	<u>64</u>
<b>Total deferred tax (see note 14)</b>	<u>133</u>	<u>64</u>
<b>Tax on profit on ordinary activities</b>	<u>560</u>	<u>64</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	<u>2,304</u>	<u>215</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	553	56
<b>Effects of</b>		
Expenses not deductible for tax	15	1
Accelerated capital allowances and other timing differences	35	9
Utilisation of tax losses	(176)	(66)
	<u>427</u>	<u>-</u>
<b>Current tax charge for the year (see note above)</b>	<u>427</u>	<u>-</u>

# SANOH UK MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 7. TAX ON PROFIT/ ON ORDINARY ACTIVITIES (continued)

#### Factors that may affect future tax charges

In addition to the changes in rates of Corporation Tax disclosed above a number of further changes to the UK Corporation Tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. The effect of these changes has been included within these financial statements.

The March 2013 UK Budget Statement proposed further reductions to the main rate to 21% from 1 April 2014 and 20% from 1 April 2015. This had not been substantively enacted at the Balance Sheet date and, therefore, the effect of, is not included in these financial statements. Accordingly, the deferred tax balance has been calculated using a rate of 23%.

### 8. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £000	Plant, machinery and office equipment £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
<b>Cost</b>					
At 1 April 2012	2,366	6,148	83	422	9,019
Additions	34	273	30	161	498
Disposals	(38)	(175)	(32)	-	(245)
Transfer between classes	-	499	-	(499)	-
<b>At 31 March 2013</b>	<b>2,362</b>	<b>6,745</b>	<b>81</b>	<b>84</b>	<b>9,272</b>
<b>Accumulated depreciation</b>					
At 1 April 2012	682	4,405	62	-	5,149
Charge for the year	65	547	12	-	624
On disposals	(38)	(168)	(24)	-	(230)
<b>At 31 March 2013</b>	<b>709</b>	<b>4,784</b>	<b>50</b>	<b>-</b>	<b>5,543</b>
<b>Net book value</b>					
<b>At 31 March 2013</b>	<b>1,653</b>	<b>1,961</b>	<b>31</b>	<b>84</b>	<b>3,729</b>
At 31 March 2012	1,684	1,743	21	422	3,870

# **SANOH UK MANUFACTURING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

### **9. FIXED ASSET INVESTMENTS**

#### **Subsidiary undertakings**

The company has two wholly owned subsidiaries, both incorporated in England. The company's investments in subsidiaries are all held at £Nil (2012: £Nil) value.

Details of subsidiary undertakings are as follows:

<b>Subsidiary Undertakings</b>	<b>Description of shares held</b>	<b>Group share of equity</b>	<b>Nature of business</b>	<b>Retained profit/(loss) £'000</b>	<b>Net assets £,000</b>
Bristol Bending Sanoh Automotice Components Limited	Ordinary	100%	Non-trading	-	-
Bristol Bending Sanoh Fluid Handling Components Limited	Ordinary	100%	Dormant	-	-

Both subsidiaries were dormant and have been dissolved since the balance sheet date.

### **10. STOCKS**

	<b>2013 £000</b>	<b>2012 £000</b>
Raw materials	3,003	2,608
Work in progress	289	679
Finished goods and goods for resale	150	140
	<b>3,442</b>	<b>3,427</b>

### **11. DEBTORS**

	<b>2013 £000</b>	<b>2012 £000</b>
Trade debtors	3,001	2,748
Amounts owed by group undertakings	351	492
Amounts due from debt factors	1,003	14
Prepayments and other debtors	100	309
Deferred tax asset (see note 14)	-	9
	<b>4,455</b>	<b>3,572</b>

**SANOH UK MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**12. CREDITORS:  
Amounts falling due within one year**

	2013 £000	2012 £000
Bank loans and overdrafts	1,000	600
Amounts owed to group undertakings - loans	-	600
Trade creditors	4,620	4,800
Amounts owed to group undertakings - other	407	243
Corporation tax	427	-
Taxation and social security	565	367
Other creditors and accruals	824	787
	<u>7,843</u>	<u>7,397</u>

The bank overdraft and facilities made available by debt factor as secured by way of fixed and floating charges on the assets of the company

**13. CREDITORS:  
Amounts falling due after more than one year**

	2013 £000	2012 £000
Amounts owed to group undertakings - Loans	-	1,450

**Preference share capital**

At 31 March 2013 the company had 1,500,000 (2012 1,500,000) redeemable preference shares of £1 (2012 £1) each which were authorised but not allotted or called up

**Loan from group undertaking**

The loan was unsecured and earned interest at rate of 3%

**14. DEFERRED TAXATION**

	2013 £000	2012 £000
At beginning of year	(9)	(73)
Recognised during year	133	64
	<u>124</u>	<u>(9)</u>

The deferred taxation balance is made up as follows

	2013 £000	2012 £000
Accelerated capital allowances	132	173
Tax losses carried forward	-	(179)
Short term timing differences	(8)	(3)
	<u>124</u>	<u>(9)</u>

**SANOH UK MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**15. CALLED UP SHARE CAPITAL**

	2013 £000	2012 £000
<b>Allotted, called up and fully paid</b>		
390,000 (2012 390,000) Ordinary shares of £1 (2012 £1) each	<u>390</u>	<u>390</u>

**16. RESERVES**

	Capital redemption reserve £000	Profit and loss account £000
At 1 April 2012	1,170	1,060
Profit for the financial year	-	1,744
At 31 March 2013	<u>1,170</u>	<u>2,804</u>

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £000	2012 £000
Opening shareholders' funds	2,620	2,469
Profit for the financial year	1,744	151
Closing shareholders' funds	<u>4,364</u>	<u>2,620</u>

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £000	2012 £000
Operating profit	2,363	335
Depreciation of tangible fixed assets	624	514
Profit on disposal of tangible fixed assets	(1)	-
Increase in stocks	(14)	(479)
Increase in debtors	(1,032)	(772)
Decrease in amounts owed by group undertakings	141	-
Increase in creditors	54	1,050
Increase in amounts owed to group undertakings	164	-
<b>Net cash inflow from operating activities</b>	<u>2,299</u>	<u>648</u>

**SANOH UK MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £000	2012 £000
<b>Returns on investments and servicing of finance</b>		
Interest paid	(60)	(120)
Interest received	1	-
	<u>(59)</u>	<u>(120)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(59)</u>	<u>(120)</u>
	2013 £000	2012 £000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(498)	(363)
Sale of tangible fixed assets	15	2
	<u>(483)</u>	<u>(361)</u>
<b>Net cash outflow from capital expenditure</b>	<u>(483)</u>	<u>(361)</u>
	2013 £000	2012 £000
<b>Financing</b>		
New secured loans	400	2,300
Repayment of loans	-	(2,300)
Repayment of other loans	(2,050)	-
	<u>(1,650)</u>	<u>-</u>
<b>Net cash outflow from financing</b>	<u>(1,650)</u>	<u>-</u>

**20. ANALYSIS OF CHANGES IN NET DEBT**

	1 April 2012 £000	Cash flow £000	31 March 2013 £000
Cash at bank and in hand	598	107	705
	<u>598</u>	<u>107</u>	<u>705</u>
<b>Debt:</b>			
Debts due within one year	(1,200)	200	(1,000)
Debts falling due after more than one year	(1,450)	1,450	-
	<u>(2,052)</u>	<u>1,757</u>	<u>(295)</u>
<b>Net debt</b>	<u>(2,052)</u>	<u>1,757</u>	<u>(295)</u>

**21. CAPITAL COMMITMENTS**

At 31 March 2013 the company had capital commitments as follows

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	<u>80</u>	<u>29</u>

## **SANOH UK MANUFACTURING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

#### **22. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

As at year end there is £3,893 (2012: £2,663) accrued for outstanding payments to the pension scheme.

#### **23. OPERATING LEASE COMMITMENTS**

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>			<b>Other</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expiry date.</b>				
Within 1 year	<b>20</b>	<b>52</b>	-	<b>4</b>
Between 2 and 5 years	<b>86</b>	<b>63</b>	-	-
After more than 5 years	<b>17</b>	<b>17</b>	-	-
	<hr/>	<hr/>	<hr/>	<hr/>



# **SANOH UK MANUFACTURING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

### **24 RELATED PARTY TRANSACTIONS**

	<b>2013 £000</b>	<b>2012 £000</b>
Supply of goods and services by Sanoh Industrial Company Limited	<b>26</b>	93
Supply of goods by Sanoh Magyar	<b>3</b>	-
Supply of goods and services by Sanoh Europe (France) EURL	<b>24</b>	44
Supply of goods and services by Sanoh America Inc	<b>1,294</b>	393
Supply of goods and services to Sanoh Industrial Company Limited	<b>30</b>	161
Supply of goods and services to Sanoh Europe (France) EURL	<b>3,606</b>	3,534
Supply of goods and services to Sanoh Magyar Ipari Gyarto KFT	<b>7</b>	39
Loan repayments to Sanoh Industrial Company Limited	<b>2,050</b>	600
Transactions with Alconix Corporation		
Supply of goods and services by the Alconix Corporation	<b>10,001</b>	8,997
Balances due from/ (to) related parties at the year end are		
Sanoh Industrial Company Limited - on loan account	-	(2,050)
Sanoh Industrial Company Limited - on current account	<b>(1)</b>	10
Sanoh America Inc	<b>(404)</b>	(218)
Sanoh Europe (France) EURL	<b>349</b>	452
Alconix Corporation	<b>(3,324)</b>	(3,436)

Those transactions were undertaken on normal commercial terms and conditions

### **25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate and ultimate parent company and the controlling party of the company is Sanoh Industrial Company Limited of Japan. It is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Sanoh Industrial Company Limited consolidated financial statements can be obtained from Sanoh Industrial Company Ltd, Koga Office, 4-2-27 Honcho, Koga, Ibaraki 306-0023, Japan.