



Company Registration No. 3674104

TOYOTA TSUSHO METALS LIMITED

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



# TOYOTA TSUSHO METALS LIMITED

## DIRECTORS

Mr Takeo Fujihara

Mr Alan Spinks (resigned 31 July 2015)

Mr Paul Marney (appointed 08 February 2016)

Mr Takuya Suehiro

Mr Hiroto Nakane

Mr Takashi Hirobe (resigned 01 April 2015)

Mr Ryuichiro Tanaka (appointed 01 April 2015)

Company secretary: Mr Takuya Suehiro

Registered office: 88 Wood Street, London EC2V 7DA

Independent Auditors: PricewaterhouseCoopers LLP,  
Hays Galleria, 1 Hays Lane  
London, SE1 2RD

## **TOYOTA TSUSHO METALS LIMITED**

### **STRATEGIC REPORT**

The directors present their strategic report on Toyota Tsusho Metals Limited (the "Company") for the year ended 31 March 2016.

#### **Business review**

Toyota Tsusho Metals Limited ("the company") is a commodity broker and dealer, an Associate Broker Clearing Member of the London Metal Exchange (LME), a recognised investment exchange under the Financial Services and Markets Act 2000. The company is authorised and regulated by the Financial Conduct Authority ("FCA"). The results of the company are set out in detail on page 9. The profit for the financial year ended 31 March 2016 of £2,602,000 (2015: £1,835,000) will be transferred to reserves.

Given the market conditions during the last financial year, the directors are satisfied with both the level of growth in business and level of profit during the year, and of the balance sheet position. The directors monitor the performance of the company against budgets produced from business plans agreed upon annually. There are no other KPI measurements that the directors use or consider relevant to an understanding of the business.

#### **Future outlook**

The Company continues to consolidate and develop its present metal trading activities and continued to move forward with its brokerage activity in Precious Metal trading. Toyota Tsusho Markets Japan (TTMJ) continues to provide the Company with increased access to clients based in Japan and Asia and has facilitated the development of that market. The directors continue to actively pursue plans to expand into other futures markets and regions. On the 24 June 2016 the result of the referendum of the UK's membership of the EU was announced, as a result the Company are considering the consequences.

#### **Principal risks**

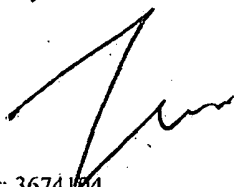
The Company activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk and cash flow risk and fair value interest rate risk as explained further in note 18. The Company's overall risk management programme focuses on the unpredictability of relevant markets and seeks to minimise potential adverse effects on the company's financial performance. The Company is also exposed to operational, foreign exchange and regulatory risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company operates in a control based environment and is reviewed annually by its parent company. The company also complies with J-SOX procedures stipulated by the parent company. Foreign exchange risk is the risk arising from adverse foreign exchange rates. Regulatory risk is the risk associated with the potential for laws related to a given industry, country, or type of security to change and impact relevant investments. Regulatory risk is also the risk of non-compliance. The Company uses a trade association membership to assist in keeping abreast of current affairs in order to be aware of potential changes in regulatory requirements.

The financial statements on pages 9 to 33 were approved by the Board of Directors on 20 July 2016 and signed on its behalf by:

Takuya Suehiro

Director

Company Number: 3674 104



20 July 2016

## **TOYOTA TSUSHO METALS LIMITED**

### **DIRECTORS' REPORT**

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

#### **Branches outside the UK**

The company has a branch office in Japan which facilitates communication with both the parent company in Japan and with Asian clients.

#### **Future outlook**

As already mentioned in the Strategic Report the Company continues to consolidate and develop its present metal trading activities and continued to move forward with its brokerage activity in Precious Metal trading. It continues to actively pursue its plans to expand into other futures markets and regions.

#### **Principal risks**

As articulated in the Strategic Report, the Company's activities expose it to a variety of risks, which are set out in the Strategic Report. Further details on financial risks are provided in note 18.

#### **J-SOX**

From April 2009 it has been necessary for the company to comply with J-SOX requirements. The company's systems and controls were tested during the year for compliance by periodic internal assessments, in accordance with the parent company Group-wide procedures. The results of these tests are reported to the parent company.

#### **Dividends**

The directors recommended a final dividend payment of £Nil in respect of the year ending 31 March 2016 and was approved by the shareholders at the AGM held on 20 July 2016 (31 March 2015: £210,000).

#### **Political and charitable contributions**

The company made no political or charitable contributions during the year: (2015: £Nil).

#### **Directors' and directors' interests**

The directors who held office during the year and to the date of signing were as follows:

Mr Takuya Suehiro	Executive
Mr Paul Marney	Executive
Mr Hiroto Nakane	Non-executive
Mr Takeo Fujihara	Non-executive
Mr Ryuichiro Tanaka	Non-executive

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

The directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

## **TOYOTA TSUSHO METALS LIMITED**

### **DIRECTORS' REPORT**

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to auditors**

In the case of each director in office at the date the directors' report is approved.

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Pillar 3 Disclosure**

Details of the company's unaudited Pillar 3 disclosures as required by FCA rules are located on the company's website - [www.ttmembers.com](http://www.ttmembers.com).

#### **Independent Auditors**

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

**TOYOTA TSUSHO METALS LIMITED**  
**DIRECTORS' REPORT**

**Going Concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements on pages 9 to 33 are approved by the Board of Directors and authorised for issue on 20 July 2016 and signed on its behalf by:

**Takuya Suehiro**

**Director**

**Company Number: 3674104**

**20 July 2016**

## ***Independent auditors' report to the members of Toyota Tsusho Metals Limited***

### **Report on the financial statements**

In our opinion, Toyota Tsusho Metals Limited's financial statements (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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter 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.

### **Other matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

## TOYOTA TSUSHO METALS LIMITED

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & 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 parent 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.

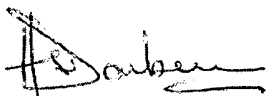
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Henry Daubeney (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
20 July 2016



**TOYOTA TSUSHO METALS LIMITED**  
**FINANCIAL STATEMENTS**

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

	Note	31 March 2016 £000	31 March 2015 £000
Revenue	3	9,711	7,923
Administrative expenses		(6,622)	(5,567)
Other operating income		<u>87</u>	<u>75</u>
<b>OPERATING PROFIT</b>		<b>3,176</b>	<b>2,437</b>
Dividend income from subsidiary	22	136	-
Interest income	7	143	104
Interest expense	8	(311)	(223)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<b><u>3,144</u></b>	<b><u>2,312</u></b>
Tax on profit on ordinary activities	9	<u>(532)</u>	<u>(477)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	<b>2,612</b>	<b>1,835</b>

All amounts relate to continuing operations. There is no material difference between the profit on ordinary activities before tax and the profit for the financial year stated above on their historical cost convention.

**TOYOTA TSUSHO METALS LIMITED**  
**FINANCIAL STATEMENTS**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016**

	Note	31 March 2016 £000	31 March 2015 £000
Profit for the financial year	17	2,612	1,835
<b>Total recognised gains and losses for the financial year</b>		<b>2,612</b>	<b>1,835</b>

**STATEMENT OF CHANGES IN EQUITY**

	Called up Share Capital £000	Available for sale Investment Reserve £000	Profit and Loss Account £000	Total Shareholders' Funds £000
Balance as at 1 April 2014	10,500	1,235	32,569	44,304
Profit for the financial year	-	-	1,835	1,835
Dividend paid	-	-	(210)	(210)
Balance as at 31 March 2015	10,500	1,235	34,194	45,929
Profit for the financial year	-	-	2,612	2,612
Dividend paid	-	-	(210)	(210)
Balance as at 31 March 2016	10,500	1,235	36,586	48,331

The notes on pages 12 to 33 form an integral part of these financial statements.

**TOYOTA TSUSHO METALS LIMITED**  
**FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION AS AT**  
**31 MARCH 2016**

	Note	31 March 2016 £000	31 March 2015 £000
<b>Non-Current assets</b>			
Tangible assets	10	99	86
Financial assets			
Available for sale investments	12a	1,440	1,440
Derivative financial instruments	11,13	9,404	771
Other Debtors	13	-	12
Investments	12b	734	734
		<u>11,677</u>	<u>3,043</u>
<b>Current assets</b>			
Financial assets			
Derivative financial instruments	11	117,636	160,123
Debtors	13	113,345	72,391
Term deposits	14	20,500	13,500
Cash at bank and in hand		<u>17,295</u>	<u>20,201</u>
		<u>268,776</u>	<u>266,215</u>
Creditors: amounts falling due within one year	15	<u>(224,818)</u>	<u>(222,764)</u>
<b>Net Current Assets</b>		<u>43,958</u>	<u>43,451</u>
<b>Total Assets less Current Liabilities</b>		<u>55,635</u>	<u>46,494</u>
Creditors: amounts falling due after more than one year	11,15	<u>(7,304)</u>	<u>(565)</u>
<b>Net assets</b>		<u><u>48,331</u></u>	<u><u>45,929</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	10,500	10,500
Profit and Loss Account	17	36,596	34,194
Available for sale investment reserve	17	1,235	1,235
<b>Total shareholders' funds</b>		<u><u>48,331</u></u>	<u><u>45,929</u></u>

The financial statements on pages 9 to 33 are approved by the Board of Directors and authorised for issue on 20 July 2016 and signed on its behalf by:

Director, Takuya Suehiro

The notes on pages 12 to 33 form an integral part of these financial statements

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**1. ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Basis of preparation**

The financial statements for the Company have been prepared in accordance with The Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), comprising of United Kingdom Accounting Standards and applicable law. The company meets the definition of a qualifying entity under FRS100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016. The financial statements have therefore been prepared in accordance with FRS101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements, since FRS 26 had been previously adopted, therefore accordingly it is not required to present a third statement of financial position nor a transitional note.

As detailed in the Directors' Report, the going concern assumption has been used in preparing these financial statements.

The principal accounting policies adopted, which have been applied consistently throughout the year, are described below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year. The financial statements are prepared under the historical cost convention modified to include the revaluation of certain financial assets and liabilities.

The financial statements of the company are consolidated within the parent's thus being Toyota Tsusho Corporation, as detailed in Note 20 and such consolidated financial statements are publicly available from the parents website, as per below:

<http://www.toyota-tsusho.com/english/ir/>

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirement of IFRS 1, 'First-time adoption of International Financial Reporting Standards' to present a statement of financial position at the date of transition.
- IAS 7, 'Statement of cash flows'. A cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, Toyota Tsusho Corporation, therefore the Company is not required to present a cash flow statement in these financial statements.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- IAS 1, 'Presentation of financial statements': Section 40A-D requirements for a third statement of financial position.

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

- IAS 24 – Related party disclosures; Exemption for related party transactions entered into between two or more members of a group; Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity

**1.2 Company Information**

The company is domiciled in England and Wales, and its legal form is as a Limited Company (Ltd). The country of incorporation is England and Wales, and any key assumptions and sources of estimation are explained throughout the Accounting Policies section.

**1.3 Consolidation**

The company is a wholly-owned subsidiary of Toyota Tsusho Corporation. It is included in the consolidated financial statements of Toyota Tsusho Corporation which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

**1.4 Revenue recognition**

Revenue comprises commission and trading income. Commissions earned on fulfilling customer orders are recognised on an accruals basis. Trading income is made up of realised and unrealised gains and losses from the trading of forward metal contracts and other financial instruments designated as fair value through profit and loss.

**1.5 Interest income and expense**

Interest income and expense are recognised in the profit and loss account on an accruals basis.

**1.6 Dividend income**

Dividend income is recognised when the right to receive payment is established.

**1.7 Tangible Fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributed to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost plus any associated delivery and labour charges less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Fixtures and fittings	3-5 years
Computer equipment	3 years

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**1.8 Impairment of non-financial assets**

Non-financial assets not ready to use are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

**1.9 Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively. The company provides for taxation using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**1.10 Deferred taxation**

Deferred taxation provided at anticipated tax rates and on a non-discounted basis, is recognised in respect of all timing differences, arising from transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, which have occurred at the balance sheet date. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**1.11 Foreign currencies**

**(a) Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**1.12 Derivative financial instruments**

Derivatives are initially accounted for and measured at fair value on the date the contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the profit and loss account. All derivatives are included in assets when their value is positive and liabilities when their fair value is negative after taking account of any master netting agreements in place.

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**1.13 Available for sale investments**

Available for sale assets are those intended to be held for an undefined period of time. They are initially recognised at fair value plus any transaction costs that are directly attributable to the acquisition. Gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the profit and loss account. Where it is not possible for management to determine a reliable estimate of fair value, the amounts are held at cost less impairment.

**1.14 Netting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to reduce the asset and liability simultaneously.

**1.15 Debtors**

Debtors relate to accrued commission income and trade debtors. These have determinable payments which are not quoted in an active market and are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**1.16 Creditors**

All financial liabilities are recognised initially at fair value on the date the contract is entered into. Subsequently, with the exception of derivative financial liabilities, financial liabilities are measured at amortised cost using the effective interest rate method.

**1.17 Leased Assets**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**1.18 Pension Cost**

The Company has a defined contribution staff pension plan. The amount charged to the profit and loss account in respect of pension costs is the contributions payable for the period. Differences between

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

contributions payable for the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**1.19 Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**1.20 Cash at bank and in hand**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**2.1 Useful economic lives of tangible fixed assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible fixed assets, and note 1h) for the useful economic lives for each class of assets.

**2.2 Impairment of trade debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 11 for the net carrying amount of the receivables.



**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**2.3 Valuation of AFS Investments**

In May 2006 the company received 30,000 "B" shares in LME Holdings Limited for which no consideration was paid. It is a requirement of the LME that 25,000 "B" shares be held by Category one and two clearing members.

These shares are accounted for as an AFS investment. AFS investments are initially recognised at historic cost and are subsequently revalued to fair value with any gains and losses taken through the AFS reserve.

There is trading of the "B" shares on the secondary market. Where a buyer enters the market, but no existing member is willing to sell their surplus shares, the LME will issue new shares at a price determined by its B share committee. In March 2013 the Exchange issued shares to a new applicant at a price of £72 per share. While this price reflects an approximation of the fair value as the company has reached its minimum required shareholding, it would only be able to realise the investment if it were to cease its membership of the LME. In light of this, the directors believe it appropriate to apply a discount factor to the price to reflect the inherent illiquidity of the shareholding. While this exercise is subjective by its nature, the directors believe a valuation of £57.60 per share appropriately combines the latest available price and the illiquidity of the shares.

**3. REVENUE**

Substantially the Company's entire revenue is generated from a single class of business, namely broking and dealing for clients in metal derivatives. Also, in the opinion of the directors, the company, including its branch, trades with customers in a single international market. Therefore, no business or geographic segmental information has been provided.

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after including:

		<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
	<b>Note</b>		
Auditors' remuneration:			
Audit services		91	84
Other services – taxation		17	12
All other services		-	3
Rent		302	316
Depreciation	10	58	122
Staff costs	6	2,792	2,839
Recharged staff costs payable to parent company and fellow subsidiary	6	208	185

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**5. REMUNERATION OF DIRECTORS**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Directors' emoluments	<b>349</b>	<b>374</b>

The directors of the company did not receive any remuneration under long term incentive schemes or any shares in the company (2015: £nil). The emoluments of certain directors are paid by Toyota Tsusho UK Limited, a fellow subsidiary company, which recharges the amount to the company as a management fee (see note 5). These amounts are included within administrative expenses. The aggregate emoluments paid to or receivable by the highest paid director were £240,000 (2015: £266,000).

**6. STAFF COSTS**

The average monthly number of full time equivalent persons employed by the company (including executive directors) during the year analysed by category, was as follows:

	<b>31 March 2016</b>	<b>31 March 2015</b>
Operational staff	<b>8</b>	<b>8</b>
Administrative staff	<b>18</b>	<b>15</b>
	<b>26</b>	<b>23</b>

The above does not include non-executives outlined on Page 4.

The aggregate payroll costs of these persons were as follows:

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Wages and salaries	<b>2,483</b>	<b>2,626</b>
Social security costs	<b>309</b>	<b>213</b>
	<b>2,792</b>	<b>2,839</b>
Recharged staff costs payable to parent company and fellow subsidiary	<b>208</b>	<b>185</b>
	<b>3,000</b>	<b>3,024</b>

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

The company has a defined contribution staff pension plan to which individuals can make voluntary contributions. The company contributed £31,337 in the financial year. (2015: £42,000).

**7. INTEREST INCOME**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Bank deposit interest	143	104
	<b>143</b>	<b>104</b>

**8. INTEREST EXPENSE**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Bank loan and overdraft interest	230	165
Other interest	81	58
	<b>311</b>	<b>223</b>

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**a) Analysis of the charge in the year**

**Current Tax**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
UK corporation tax current year at 20% (2015: 21%)	561	486

**Deferred Tax**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
	(29)	(9)

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**Tax per Income statement** **532** **477**

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

The current tax charge for the year is £532K (2015: £477k) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The timing difference is explained below:

	£000	£000
Profit on ordinary activities before tax	3,134	2312
Current tax at 20% (2015: 21 %)	627	486
Effects of:		
Prior years tax adjustments	(79)	(33)
Expenses not deductible for tax purposes	12	9
Tax rate changes		
Capital Gains	-	-
Impact of non-taxable income	-	-
Deferred tax previously unrecognised	(28)	-
Capital Allowances and adjustments	-	15
Total current tax charge (see a)	532	477
Effective tax rate	17%	21%

During the year a change in the main rate of UK corporation tax from 20% to 19% was substantively enacted on 26 October 2015 date and will be effective from 1 April 2017. A further reduction to the main UK corporation tax rate to 18% effective from 1 April 2020 was also enacted on this date. Deferred tax reflected in these financial statements has been measured at 18%, which was the rate substantively enacted at the balance sheet date.

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**10. TANGIBLE ASSETS**

	<b>Fixtures and fittings £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost at 1 April 2014</b>	267	194	461
Additions	-	11	11
Disposals	(1)	(21)	(22)
<b>At 1 April 2015</b>	<b>266</b>	<b>184</b>	<b>450</b>
Additions	10	61	71
Disposals	-	-	-
<b>At 31 March 2016</b>	<b>276</b>	<b>245</b>	<b>521</b>
<b>Accumulated Depreciation</b>			
<b>Cost at 1 April 2014</b>	111	153	264
Disposals	(1)	(21)	(22)
Charge for the year	89	66	122
<b>At 1 April 2015</b>	<b>199</b>	<b>165</b>	<b>364</b>
Disposals	-	-	-
Charge for the year	35	23	58
<b>At 31 March 2016</b>	<b>234</b>	<b>188</b>	<b>422</b>
<b>Net book value 31 March 2016</b>	<b>42</b>	<b>57</b>	<b>99</b>
<b>Net book value 31 March 2015</b>	<b>67</b>	<b>19</b>	<b>86</b>

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**11. DERIVATIVE FINANCIAL INSTRUMENTS**

	31 March 2016		31 March 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
<b>Derivative transactions</b>				
Forwards, Futures and options positions	125,361	(111,708)	148,247	(140,619)
Forward foreign exchange positions	1,679	(15,821)	12,647	(12,724)
<b>Total</b>	<b>127,040</b>	<b>(127,529)</b>	<b>160,894</b>	<b>(153,343)</b>
Current portion	117,636	(120,225)	160,123	(152,778)
Non current portion	9,404	(7,304)	771	(565)
<b>Due from/to affiliated companies:</b>				
Current portion	23,674	5,045	13,698	(45,984)
Non current portion	2,344	(10)	26	(122)

Forwards, futures and options positions include metal and options contracts entered into in the normal course of operations. The maturity dates range from one day to five years. The forward foreign exchange contracts are entered into in order to match settlement amount and maturity of forward, futures & options positions. As is normal in the market place, settlements are made on a net basis as they fall due.

The fair value of exchange traded, non exchange traded contracts, and foreign currency transactions is based on the market prices, including FX rates, provided by the London Metal Exchange as at the balance sheet date. Other relevant data such as discount rates, is provided by LME Clear. All fair value movements have been included in turnover for the year ended 31 March 2016, which totals £488,320 (2015: £7,468,163)

**12a) AVAILABLE FOR SALE INVESTMENTS**

	31 March 2016 £000	31 March 2015 £000
Shares in LME (Holdings) Limited "B" shares	1,440	1,440
<b>LME (Holdings) Limited "B" shares</b>	<b>1,440</b>	<b>1,440</b>

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

In May 2006 the company received 30,000 "B" shares in LME Holdings Limited for which no consideration was paid. It is a requirement of the LME that 25,000 "B" shares be held by Category one and two clearing members.

There is trading of the "B" shares on the secondary market. Where a buyer enters the market, but no existing member is willing to sell their surplus shares, the LME will issue new shares at a price determined by its B share committee. In March 2013 the Exchange issued shares to a new applicant at a price of £72 per share. While this price reflects an approximation of the fair value as the company has reached its minimum required shareholding, it would only be able to realise the investment if it were to cease its membership of the LME. In light of this, the directors believe it appropriate to apply a discount factor to the price to reflect the inherent illiquidity of the shareholding. While this exercise is subjective by its nature, the directors believe a valuation of £57.60 per share appropriately combines the latest available price and the illiquidity of the shares.

**12b) INVESTMENTS**

In 2013 Toyota Tsusho Markets Japan Limited (TTMJ) was established as a Subsidiary in Japan with ordinary share capital of JPY 105,000,000 equivalent of £734,000.

The directors believe that the carrying value of the investments is supported by their underlying net assets:

**13. DEBTORS**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	80,013	61,924
Provision for doubtful receivable	(190)	-
Amount due from affiliated companies	30,105	6,337
Prepayments and accrued income	683	945
LCH members default fund	2,153	2,464
Taxation and social security	581	489
Other debtors	-	232
	<b>113,345</b>	<b>72,391</b>
<b>Amounts falling due after more than one year</b>		
Derivative financial instruments (see note 10)	9,404	771
Other debtors	-	12

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

<b>9,404</b>	<b>783</b>
--------------	------------

Concentration of credit risk is disclosed in Note 19. No trade debtors are past their due date or impaired at year end

**14. TERM DEPOSITS**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Term deposits: less than 3 months	<b>20,500</b>	<b>13,500</b>
	<b>20,500</b>	<b>13,500</b>

The fair value of short term deposits is equal to their presented book value.

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

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Bank loans and overdrafts	<b>52,178</b>	<b>1,515</b>
Trade creditors	<b>51,091</b>	<b>66,378</b>
Derivative financial instruments (see note 11)	<b>120,225</b>	<b>152,778</b>
Other creditors and accruals	<b>1,324</b>	<b>2,093</b>
	<b>224,818</b>	<b>222,764</b>

<b>Amounts falling due after more than one year</b>	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Derivative financial instruments (see note 11)	<b>7,304</b>	<b>565</b>
	<b>7,304</b>	<b>565</b>



**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**16. CALLED UP SHARE CAPITAL**

	31 March 2016 £000	31 March 2015 £000
<b>Authorised, allotted, called up and fully paid</b>		
10,500,000 (2015: 10,500,000) ordinary shares of £1 each	<u>10,500</u>	<u>10,500</u>

Share capital constitutes the managed capital of the Company. Called up share capital and the profit and loss account on the balance sheet qualify for inclusion as financial resources for regulatory purposes.

In addition, the company can call on subordinated loans from third parties to supplement regulatory capital if required and during the year drew down funds under facilities provided for this purpose. There was no subordinated loan drawn down at the financial year end. (2015: £nil) as per note 14. above. The Company is authorised and regulated by the Financial Conduct Authority ("FCA"), and is subject to the FCA's minimum capital standards and requirements as applicable to UK Non-MIFID Firms. These require, inter alia, that a minimum ratio of Capital available to risk weighted Capital Requirements of 100% is maintained at all times. In addition there are concentration and liquidity mismatch calculations and reporting requirements and is measured on a daily basis.

The Company's FCA requirements are fully incorporated into capital management objectives, policies and processes. The major risk categories considered by both the FCA and the Company are those pertaining to Credit Risk, Market Risk, Regulatory Risk and Operational Risk.

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

	Called up Share Capital £000	Available for sale Investment Reserve £000	Profit and Loss Account £000	Shareholders' Funds 2016 £000	Shareholders' Funds 2015 £000
At 1 April	10,500	1,235	34,194	45,929	44,305
Profit for the financial year	-	-	2,612	2,612	1,834
Dividend paid	-	-	(210)	(210)	(210)
At 31 March	<u>10,500</u>	<u>1,235</u>	<u>36,596</u>	<u>48,331</u>	<u>45,929</u>

A dividend of £10,500,000 (£1 per share) in respect of the year ended 31 March 2016 will be proposed in the financial year ending 31 March 2017 subject to approval at the Annual General Meeting.

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**18. OTHER COMMITMENTS AND CONTINGENCIES**

At the end of the financial year the Company had no commitments under software licence agreements (2015: £nil). There were no other material capital commitments or contingencies at the end of the financial year (2015: £nil).

**19. FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks: price/market risk, credit risk, liquidity risk and cash flow, and fair value interest rate risk. The company's overall risk management programme focuses on the unpredictability of relevant markets and seeks to minimise potential adverse effects on the company's financial performance. The Board of Directors determines the level of risk acceptable to the company by setting limits within which senior managers monitor the company's operations.

**Price risk:**

This risk arises from adverse movements in the price of derivatives in which the company trades. The company's objective is to be aware, control and minimise this risk. The Company's principal business involves acting as a broker and dealer in commodity derivatives and it holds positions primarily on a back to back basis with clients and brokers. Open trading positions held by the Company are small and largely result from client facilitation activities. Where open positions exist the Company is exposed to adverse price movement in the price of commodities in which it trades and holds positions.

The company has a policy to create trading limits have been set that take into account each commodity's volatility. These limits are monitored on a daily basis against both marked to market movement and position structure.

**AFS investments:**

A 10% change in the price of the available for sale investment detailed in note 12a above would have resulted in a net change of £144,000 (2015: £144,000) in the carrying market value of the assets at 31 March 2016.

**Credit risk:**

Credit risk arises from a counterparty defaulting on a contractual obligation involving cash and cash equivalents, deposits with banks and financial institutions, and from derivative financial instruments transactions. In particular, the Company operates in a market that is largely driven by providing credit to counterparties.

The Company has credit policies and procedures in place under its Adequate Credit Management Policy (ACMP) and this helps ensure it deals only with counterparties of suitable credit standing. After considering a counterparty's financial results and other relevant data, all applications for credit lines are submitted to the parent company's credit committee for formal approval, or rejection. Such lines granted are advised to the counterparty and are reviewed at least on an annual basis. All counterparty positions are monitored at least on a daily basis against lines granted. The Group calls margin for cover should net exposures covered by netting

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

agreements exceed the lines granted. It considers its dealings with the present range commodities as one class of financial asset.

The Company has determined that concentration risk can arise through exposure to any one counterparty or counterparty group, from the industry segment those counterparties are involved in, and from geographic region. Although at the year-end there was no significant financial, geographic or industry concentration, the Group continues to have a major part of its business in Asia. The company had exposure to a clearing house of £20,127,428 (2015: £5,258,585). There were no impaired exposures. The amount that best represents the company's exposure to credit risk at the year end, without taking account of collateral or other credit enhancements, was equivalent to the current assets as disclosed on the balance sheet, less prepayments and accrued income of £683,000 (2015: £932,000) as disclosed in note 13. Management, however, have in place master netting agreements that reduce the credit exposure significantly and through the netting of assets and liabilities in the event of a default. After taking account of the netting provisions and collateral held in respect of derivative instruments, the company's overall maximum credit exposure in respect of derivative financial instruments would be £54,582,425 (2015: £138,620,679). This includes £20,127,428 to a Clearing House, (£2,139,525) to Banks and £36,594,522 to Others.

**Liquidity risk:**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. Prudent liquidity risk management requires maintaining sufficient cash, cash equivalent, deposits and adequate bank facilities readily available to fund the company's day to day business. Funding levels are reviewed at least annually by the Company and its parent company and account taken of both business plans and market levels to ensure an appropriate level of uncommitted bank facilities are available to support the business. To achieve this, significant parent support by way of guarantees is provided to the banks that provide these facilities to the Company. The facilities cover funding for daily operational requirements of the company to LME Clear, and subordinated loan funding when required for regulatory capital purposes. At the balance sheet date the company had adequate unutilised facilities.

The table below analyses the company's total financial assets and liabilities into relevant maturity groupings based on the remaining year at the balance sheet date.

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**19. Financial Risk Management (continued)**

At 31 March 2016	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Total
	£000	£000	£000	£000	£000
<b><u>Assets</u></b>					
Derivative financial instruments	60,064	15,546	18,353	7,060	101,023
Derivative financial instruments - due from affiliated entities	12,678	5,236	5,759	2,344	26,017
Trade debtors	62,534	-	-	-	62,534
Trade debtors – due from affiliated entities	23,738	-	-	-	23,738
Other debtors	-	-	-	-	-
Term deposits	20,500	-	-	-	20,500
Cash at bank and in hand	17,295	-	-	-	17,295
<b>TOTALS</b>	<b>196,809</b>	<b>20,782</b>	<b>24,112</b>	<b>9,404</b>	<b>251,107</b>

**Liabilities**

Derivative financial instruments	74,542	18,469	22,169	7,294	122,474
Derivative financial instruments - due to affiliated entities	2,563	623	1,859	10	5,055
Trade creditors	154,345	-	-	-	154,345
Bank Loans and overdrafts	52,178	-	-	-	52,178
Other creditors	1,534	-	-	-	1,534
<b>TOTALS</b>	<b>285,162</b>	<b>19,092</b>	<b>24,028</b>	<b>7,304</b>	<b>335,586</b>

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**19. Financial Risk Management (continued)**

At 31 March 2015	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Total
	£000	£000	£000	£000	£000
<b><u>Assets</u></b>					
Derivative financial instruments	102,284	23,006	21,136	745	147,171
Derivative financial instruments - due from affiliated entities	8,124	1,744	3,830	26	13,724
Trade debtors	8,262	-	-	-	8,262
Trade debtors – due from affiliated entities	53,662	-	-	-	53,662
Other debtors	232	-	-	-	232
Term deposits	13,500	-	-	-	13,500
Cash at bank and in hand	20,201	-	-	-	20,201
<b>TOTALS</b>	<b>206,265</b>	<b>24,750</b>	<b>24,966</b>	<b>771</b>	<b>256,752</b>
<b><u>Liabilities</u></b>					
Derivative financial instruments	82,698	9,538	14,558	444	107,238
Derivative financial instruments - due to affiliated entities	23,438	15,312	7,234	121	46,105
Trade creditors	66,378	-	-	-	66,378
Bank Loans and overdrafts	1,515	-	-	-	1,515
Other creditors	1,700	-	-	-	1,700
<b>TOTALS</b>	<b>175,729</b>	<b>24,850</b>	<b>21,792</b>	<b>565</b>	<b>222,936</b>

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**Foreign exchange risk:**

The company is exposed primarily to movement in United States dollar (dollar) and sterling exchange rates because it operates mainly in dollar denominated commodities and reports the financial statements in sterling.

Management has set a policy that where the company contracts in a currency other than dollar, that contract is normally immediately covered with respect to the dollar. The company is also required to sell its dollar income stream for sterling on at least a monthly basis. The company has receivables and payables in non-sterling currencies and the resulting currency exposure within net assets are exposed to currency translation risk.

An increase of 5% change in respect of spot exchange rates to sterling at the balance sheet date would have resulted in a gain to profit and loss on translation difference in respect of net currency assets of (£23,593) (2015: £1,085,859) whilst a 5% decrease in the spot exchange rate to sterling would have resulted in a loss of £974,334 (2015: £114,588).

The foreign exchange exposure of the company, net of forward FX hedges, is as follows:

	31 March 2016 £000	31 March 2015 £000
USD	(2,029)	17,516
Yen	481	4,420
Euro	1,077	1,047
	<u>(471)</u>	<u>22,983</u>

**Interest rate risk:**

The company have an excess of current assets over current liabilities and are exposed to minimal cash flow interest rate risk. Surplus cash is invested on term deposits. Interest is not charged or incurred on outstanding derivative asset and liabilities with brokers or clients.

The average effective interest rate on these deposits for the company at 31 March 2016 was 0.51% (2015: 0.77%).

An increase or decrease of 1% in interest rates on deposits and loans held at the balance sheet date for the company would have resulted in a net gain to the profit and loss account of £205,000 (2015: £10,675) in respect of an increase in rate, and a loss of £4,100 in respect of a decrease (2015: £5,623).

**Fair value hierarchy**

The company has disclosed their derivative positions under the three tier hierarchy for fair value measurement as required under IAS39: Financial instruments; disclosures for the year ended 31 March 2016. Level 1 relates to positions where quoted (unadjusted) prices are readily observable and obtainable for identical assets and liabilities in an active market. Level 2 relates to positions which require input (other than quoted prices included within level 1) that are observable for the asset and the liability, either directly (prices) or indirectly (derived

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

from prices). Level 3 relates to positions which require inputs for the asset and liability that are not based on observable market data.

The company has determined it has futures and options positions which are classified as level 1, and metal forward and FX positions classified as level 2. The total of Level 1 assets and liabilities is respectively £125,361,000 and £111,708,000 (see note 11). Level 2 assets and liabilities are respectively £1,679,000 and £15,821,000 (see note 11). All prices are derived from quotes or other information from the London Metal Exchange or LCH Clearnet Ltd. Additionally, the company has determined that Available for Sale assets of LME B shares of £1,440,000 are fair valued at year end using management's best effort valuation methods (see note 12a), are classified as level 3. There has been no movement in level 3 since the prior year (2015: NIL).

**20. DIVIDENDS**

The directors are proposing a final dividend in respect of the financial year ending 31 March 2016 of £Nil.

**21. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

The immediate and ultimate parent undertaking and controlling party of the Company is Toyota Tsusho Corporation, a company incorporated in Japan. A copy of Toyota Tsusho Corporation's consolidated financial statements may be obtained from Toyota Tsusho Corporation, Toyota Building, 9-8 Meieki 4 - chome, Nakamura-ku, Nagoya 450-8575, Japan.

**22. INVESTMENTS IN SUBSIDIARIES**

The amounts recognised in the balance sheet are as follows:

	31 March 2016 £000	31 March 2015 £000
Toyota Tsusho Markets Japan	734	734
<b>At 31 March 2016</b>	<b>734</b>	<b>734</b>

The amounts recognised in the income statement are as follows:

	31 March 2016 £000	31 March 2015 £000
Toyota Tsusho Markets Japan	136	-
<b>At 31 March 2016</b>	<b>136</b>	<b>-</b>

Toyota Tsusho Markets Japan is a wholly owned subsidiary and continues to provide the Company with increased access to clients based in Japan and Asia and has facilitated the development of that market. The directors continue to actively pursue plans to expand into other futures markets and regions.

Set out below is the summarised financial information for Toyota Tsusho Markets Japan:

**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Summarised statement of financial position</b>		
Current Assets:	1,020	862
Current liabilities	(188)	(111)
<b>Total current net assets</b>	<b>832</b>	<b>751</b>
Non-current Assets	21	26
<b>Net Assets</b>	<b>853</b>	<b>777</b>

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Summarised income statement</b>		
Revenue	783	583
Profit from operating activities	288	183
<b>Profit for the financial year</b>	<b>157</b>	<b>107</b>

From these profits a dividend of £136,000 was paid to the parent company.

**23. TRANSITION TO FRS 101**

This is the first year that the Company has presented its results under FRS 101. FRS 101 has been adopted by the Company for year ended 31 March 2016. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2015. There were no changes in accounting policies needed to reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 101.

	<b>31 March 2015 £'000</b>
<b>Reconciliation of profit for the year</b>	
Profit for the financial year as previously reported under UK GAAP	1,835
Adjustments on transition	-
<b>Profit for the financial year as reported under FRS 101</b>	<b>1,835</b>

There is no difference between profit for the year and other comprehensive income for the year, therefore reconciliation for other comprehensive income is presented



**TOYOTA TSUSHO METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**Reconciliation of equity as at 1 April 2014 and 31 March 2015**

	<b>1 April 2014</b>	<b>31 March 2015</b>
	<b>£'000</b>	<b>£'000</b>
Total shareholders' (deficit)/funds as previously reported		
under UK GAAP	44,304	45,929
Adjustments on transition	-	-
Total shareholders' (deficit)/funds as reported under FRS 101	<u>44,304</u>	<u>45,929</u>