

TS TECH UK LTD

Annual Report and Financial Statements for the year ended 31 March 2016

Registered number: 03720346

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TS TECH UK LTD

Contents

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

TS TECH UK LTD

Officers and professional advisers

DIRECTORS

T Naoi

D Stone

Y Yui (resigned 1 April 2016)

T Arai (appointed 1 April 2016)

COMPANY SECRETARY

TMF Corporate Administration Services Limited

REGISTERED OFFICE

6 St Andrew Street

5th Floor

London

EC4A 3AE

BANKERS

Bank of Tokyo-Mitsubishi UFJ Limited

Ropemaker Place

25 Ropemaker Street

London

EC2Y 9AN

SOLICITORS

Gately LLP

One Eleven

Edmund Street

Birmingham

B3 2HJ

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

Bristol

United Kingdom

TS TECH UK LTD

Strategic report

The directors present the Annual Report and the audited financial statements for the 12 month period ended 31 March 2016. The prior period is for the 15 months ended 31 March 2015.

Strategy and objectives

The company's principal activity is the production of car seats for the car industry, currently wholly owned by Honda of the UK Manufacturing Limited ("Honda"). In the manufacture of its products, TS Tech UK Ltd ("TS Tech") pursues safety, environmental sustainability, and comfort.

The business model

TS Tech works closely with Honda in all aspects of business from research and development related to future models through to final delivery of car seats to Honda's production site, which is less than five miles away. The production volumes for TS Tech therefore are directly variable with Honda's car production volumes.

A fair review of the business

The company changed its financial year end from 31 December to 31 March annually with effect from the prior financial period. Accordingly, the current financial statements are prepared for 12 months from 1 April 2015 to 31 March 2016.

TS Tech reported total production for the 12 month period ending 31 March 2016 of 114,745 units (2015: 155,500 – 15 months). This resulted in turnover of £105 million (2015: £130 million – 15 months).

At the end of 2014 Honda issued a volume forecast of 114,650 units for the year to March 2016. By the year end Honda produced an actual build of 114,745 units, achieving marginally above their initial volume forecast. The Honda Jazz model, as planned, ended production in May 2015, albeit one month later than originally anticipated. The daily production average reduced throughout the period, from approximately 600 units per day down to an average of 450 units per day. TS Tech reduced and consolidated manpower throughout the period to maximise line efficiency. The company also utilised flexible working (working time accounts) to balance operation hours and to accommodate model mix fluctuation.

Future developments

Research and development is focused on the development of new tooling to facilitate production of seats for the latest Honda car models. The development cost of products in the period amounted to £373,833 (2015: £106,550 – 15 months). These costs are carried forward by the company and released to the profit and loss account over the products' life cycle.

The new Civic, now in its 10th generation, commenced mass production in July of 2016. The derivative launched will be exported to North America, and further models will be added throughout the remainder of the business year. The new Civic is built in parallel production with existing models, the current 9th generation Civic, as well as the current CRV. The forecast volume for FY2016-17 is 158,088 units, a significant volume increase over previous years. To accommodate this volume increase, TS Tech has instigated a 2 shift operation in its Weld and Production departments, as well as other necessary supporting areas. Additional manpower has been resourced, predominantly on a fixed term basis to facilitate this increase. In January 2017 the current European specification Civic will be replaced, and at that time the existing European Civic will be phased out. CRV, originally due to end in 2017, is now anticipated to be extended into 2018, the impact of which is being studied.

In June 2016 TS Tech relocated its warehousing operation, downsizing floor space from 23,000 Mtr² to 10,000 Mtr². The new facility is located approximately 50% closer to the main manufacturing factory. The newly renovated facility incorporates high efficiency lighting fed from roof mounted solar panels. The building is also of the latest construction materials leading to thermal efficiency gains. The new facility has reduced transport and operation costs.

The volume forecast for FY2017-18 is 156,710, a similar volume to FY2016-17 forecast. It is anticipated that the model complexity will simplify upon completion of current European Civic Models therefore promoting the opportunity for further operating efficiency gains.

TS TECH UK LTD

Strategic report

Key performance indicators

Production and performance management systems provide reliable production data, which make it possible to monitor and analyse all process channels on an ongoing basis. Equipment uptime and production performance is closely monitored in real time and the quality of manufactured parts is verified at various stages throughout the production system and process.

Key performance indicators relating to quality, productivity and equipment availability are used to measure the Overall Equipment Effectiveness (OEE). This reflects the level of production performance taking into account any losses that arise within the system. Where production losses have occurred measures are introduced to offset them. OEE is considered the basis for evaluation of overall performance. The OEE target is 92%.

The average OEE for the 12 month period ending 31 March 2016 was 94.5%, 2.5% above the target (2015: 95%).

Principal risks and uncertainties

The company has exposures to a variety of risks which are managed with the purpose of minimising any potential adverse effect on the company's performance.

Customer risk

All the outputs of the company are currently supplied to Honda of the UK Manufacturing Limited and its service and research and development organisations. The relationship forged between Honda of the UK Manufacturing Limited and TS Tech UK Ltd is based on the business association successfully used around the world by the parent companies, Honda Motor Company Limited, Japan and TS Tech Company Limited, Japan.

As a group, TS Tech continues to take steps to mitigate the risk of fluctuations in Honda's production volumes by exploring the opportunity to work with other car manufacturers. A target to increase business with other automotive manufacturers into the future has been established. TS Tech established production operations in Germany and now supplies seating systems for the VW Touran. The group continues to seek out further opportunities to expand its presence within Europe and diversify business risk.

Exchange rate risk

The company has requirements for both US Dollar and Euro currencies for the purchase of raw materials from the Far East and Europe. The risk to profitability is addressed through a bi-annual adjustment to selling prices to reflect currency movements.

Corporate and social responsibility

The directors of the company take their responsibilities for environmental matters, company employees and social, community and human rights issues seriously. A variety of initiatives and measures have been introduced during the period such as improvements to the control of lighting systems within the production area, reduction in waste landfill and donations to various charities.

Approved by the Board and signed on its behalf by



D Stone

Director

16 December 2016

TS TECH UK LTD

Directors' report

The following disclosures required by s416(4) have been elevated to the Strategic report

- Future developments
- Research and development
- Financial risk management

DIRECTORS

The Directors who served during the year and subsequently are shown below:

T Naoi

D Stone

Y Yui (resigned 1 April 2016)

T Arai (appointed 1 April 2016)

GOING CONCERN

The directors have prepared detailed budgets and forecasts for 2016/17, taking account of planned changes in trading performance, and concluded that sufficient revenue is expected to be generated for the business to operate successfully for the foreseeable future. With the introduction of new models and face-lifted variants of current models and the forecast production in support of Honda of the UK Manufacturing Limited, the directors are confident that the business has sufficient funds to meet its liabilities as they fall due and should be duly considered as a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend (31 March 2015: £nil).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

AUDITOR

Each of the Directors at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

D Stone
Director



16 December 2016

TS TECH UK LTD

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of TS Tech UK LTD

We have audited the financial statements of TS Tech UK Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

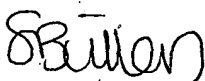
Opinion on other matter prescribed by the Companies Act 2006

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

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.



Sonya Butters (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

16 December 2016

TS TECH UK LTD

Profit and loss account

For the year ended 31 March 2016

	Note	Year ended 31 March 2016 £	15 months ended 31 March 2015 £
Turnover	4	105,056,765	130,462,434
Cost of sales		(86,933,614)	(108,026,983)
Gross profit		<u>18,123,151</u>	<u>22,435,451</u>
Distribution costs		(1,138,778)	(1,508,922)
Administrative expenses		(10,388,179)	(12,231,166)
Operating profit		<u>6,596,194</u>	<u>8,695,363</u>
Interest receivable and similar income	8	10,960	10,791
Interest payable and similar charges	10		(2,705)
Profit on ordinary activities before taxation		<u>6,607,154</u>	<u>8,703,449</u>
Tax on profit on ordinary activities	11	(562,160)	(1,933,223)
Profit for the financial period	5	<u><u>6,044,994</u></u>	<u><u>6,770,226</u></u>

Turnover and operating profit are all derived from continuing operations and there are no recognised gains or losses for the current or preceding financial periods than the profits shown above. Accordingly, no separate statement of other comprehensive income is presented.

TS TECH UK LTD

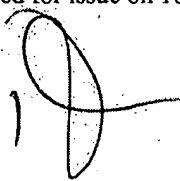
Balance sheet

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	13	1,122,355	2,133,732
Tangible assets	14	12,715,880	13,018,165
		<u>13,838,235</u>	<u>15,151,897</u>
Current assets			
Stocks	15	8,953,096	8,920,352
Debtors	16	14,808,879	13,395,457
Cash at bank and in hand		25,310,994	17,461,274
		<u>49,072,969</u>	<u>39,777,083</u>
Creditors: Amounts falling due within one year	17	(20,899,462)	(18,812,797)
Net current assets		<u>28,173,507</u>	<u>20,964,286</u>
Total assets less current liabilities		<u>42,011,742</u>	<u>36,116,183</u>
Creditors: Amounts falling due after more than one year	17	(537,750)	(687,184)
Net assets		<u>41,473,992</u>	<u>35,428,999</u>
Capital and reserves			
Called up share capital	19	12,000,000	12,000,000
Profit and loss account		29,473,992	23,428,998
		<u>41,473,992</u>	<u>35,428,998</u>

The financial statements of TS Tech UK Ltd (registered number 03720346) were approved by the Board of Directors and authorised for issue on 16th December 2016. Signed on behalf of the Board of Directors

D Stone
Director



TS TECH UK LTD

Statement of changes in equity

As at 31 March 2016

	Share capital £	Profit and loss account £	Total £
At 31 December 2013 as previously stated	12,000,000	17,569,448	29,569,448
Changes on transition to FRS 101 (note 26)	-	(910,676)	(910,676)
At 1 January 2014 as restated	12,000,000	16,658,772	28,658,772
Profit for the period	-	6,770,226	6,770,226
Balance at 31 March 2015	12,000,000	23,428,998	35,428,998
Profit for the period	-	6,044,994	6,044,994
Balance at 31 March 2016	12,000,000	29,473,992	41,473,992

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

1. General information

FRS 101 TS Tech UK Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of TS Tech Co. Limited. The group accounts of TS Tech Co. Limited are available to the public and can be obtained as set out in note 25.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRIC 21 <i>Levies</i>	The Company has adopted IFRIC 21 <i>Levies</i> for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.
Annual Improvements to IFRSs: 2011-2013	The Company has adopted the various amendments to a number of standards. IFRS 3 <i>Business Combinations</i> , IFRS 13 <i>Fair Value Measurement</i> and IAS 40 <i>Investment Property</i> . The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 '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.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Basis of accounting (continued)

Where relevant, equivalent disclosures have been given in the group accounts of TS Tech Co. Limited. The group accounts of TS Tech Co. Limited can be obtained from 6 St Andrew Street, 5th Floor, London EC4A 3AE.

The financial statements have been prepared on the historical cost basis.

The principal accounting policies adopted are set out below:

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report pages 2 and 3.

The directors have prepared detailed budgets and forecasts for 2016/17, taking account of planned changes in trading performance, and concluded that sufficient revenue is expected to be generated for the business to operate successfully for the foreseeable future. With the introduction of new models and face-lifted variants of current models and the forecast production in support of Honda of the UK Manufacturing Limited, the directors are confident that the business has sufficient funds to meet its liabilities as they fall due and should be duly considered as a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Operating profit

Operating profit is stated after charging administrative expenses but before finance income and costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

2. Significant accounting policies (continued)

recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Tangible fixed assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit and loss account to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	50 years
Plant and machinery (including motor vehicles)	3 to 20 years

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Tangible fixed assets (continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

Intangible assets acquired separately

The company pays for a share of research and development costs incurred by the TS Tech Group in the design of seats for the new Honda car models and in the development of the manufacturing processes for these new products. These costs are capitalised when incurred and are amortised on a straight-line basis over the expected remaining production life of the relevant car model. The amortisation is charged to the profit and loss account.

If there is a change in operating conditions which may impact the expected model life, an impairment assessment is performed and any necessary adjustments to the carrying value of the affected intangible assets will be made.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

1. Stock provisions – estimates are made based on forecasted excess inventory levels in relation to a model manufacture end. Such estimates and provisions are normally made at year end.
2. "Cost reduction payment" – the Company negotiates with the main customer based on actual and estimated assumptions in order to agree the amount to share. Such liabilities are normally accrued/paid at year end.

4. Turnover

An analysis of the Company's turnover by class of business is set out below.

	2016	2015
Turnover:	£	£
Car seats	105,005,903	130,357,517
Recycled waste	50,862	104,917
	<u>105,056,765</u>	<u>130,462,434</u>

An analysis of the Group's turnover by geographical market is set out below.

Turnover:	£	£
UK	<u>105,056,765</u>	<u>130,462,434</u>

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

5. Profit for the financial year

Profit for the year has been arrived at after charging/(crediting):

	Year ended 31 March 2016 £	15 Months ended 31 March 2015 £
Net foreign exchange losses	308,730	408,395
Depreciation of tangible fixed assets	1,744,523	2,257,868
Depreciation of intangible fixed assets	1,406,240	1,435,995
Gain/(loss) on disposal of tangible fixed assets		(700)
Write downs of stock recognised as an expense	789,885	(187,884)
Cost of stock recognised as an expense	68,303,822	86,572,430
Staff costs (see note 7)	14,662,490	17,823,422

Amortisation is charges to administrative expenses in the Profit and Loss account

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £64,000 (2015: £50,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Production	437	456
Administration	76	84
	<u>513</u>	<u>540</u>

Their aggregate remuneration comprised:

	Year ended 31 March 2016 £	15 Months ended 31 March 2015 £
Wages and salaries	13,324,774	16,224,712
Social security costs	1,078,542	1,257,479
Other pension costs (see note 21)	259,174	341,231
	<u>14,662,490</u>	<u>17,823,422</u>

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

8. Interest receivable and similar income

	Year ended 31 March 2016 £	15 Months ended 31 March 2015 £
Bank deposits	<u>10,960</u>	<u>10,791</u>

9. Other gains and losses

	Year ended 31 March 2016 £	15 Months ended 31 March 2015 £
Insurance claim for damages in respect of previous period	<u>177,362</u>	<u>-</u>

10. Interest payable and similar charges

	Year ended 31 March 2016 £	15 Months ended 31 March 2015 £
Interest payable on other loans	<u>-</u>	<u>2,705</u>

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

11. Tax

	Year ended 31 March 2016 £	15 Months ended 31 March 2015 £
Corporation tax:		
UK corporation tax	1,465,717	1,929,667
Adjustments in respect of prior years		
- UK corporation tax	(793,241)	(71,138)
- Foreign tax	-	72,506
Foreign tax relief	-	(72,506)
	<u>672,476</u>	<u>1,858,529</u>
Deferred tax (note 18)		
Current year		
Adjustment in respect of previous periods		
Effect of changes in tax rates	(110,316)	74,694
	<u>562,160</u>	<u>1,933,223</u>

Corporation tax is calculated at 20 per cent (2015: 21.4 per cent) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	£	£
Profit before tax	6,607,154	8,703,449
Tax at the UK corporation tax rate of 20% (2015: 21.4%)	<u>1,321,431</u>	<u>1,862,156</u>
Effects of:		
Adjustment in respect of prior years	(775,560)	(25,861)
Expenses not deductible	42,691	78,132
Tax rate changes	(46,725)	18,796
Capital gains	20,323	-
	<u>562,160</u>	<u>1,933,223</u>

The standard rate of tax applied to reported profit on ordinary activities is 20% (2015: 20.58%). The applicable tax rate changed to 20% from 1 April 2015 following the substantive enactment of the Finance Act 2013. The Finance Act (No 2) 2015 reduced the main rate of UK corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 was substantively enacted on 15 September and reduced the main rate of UK corporation tax to 17% with effect from 1 April 2020. This change had not been substantively enacted at the balance sheet date and consequently is not included in these financial statements.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

12. Dividends

The directors do not recommend the payment of a dividend (31 March 2015: £nil).

13. Intangible assets

	Development costs £	Software £	Total £
Cost			
At 1 April 2015	5,837,234	747,888	6,585,122
Additions	373,833	29,580	403,413
Disposals	(8,550)	-	(8,550)
At 31 March 2016	6,202,517	777,468	6,979,985
Amortisation			
At 1 April 2015	3,756,972	694,418	4,451,390
Charge for the year	1,376,204	30,036	1,406,240
At 31 March 2016	5,133,176	724,454	5,857,630
Carrying amount			
At 31 March 2016	1,069,341	53,014	1,122,355
At 31 March 2015	2,080,262	53,470	2,133,732

The company pays for a share of research and development costs incurred by the TS Tech Group in the design of seats for new Honda car models and in the development of the manufacturing processes for these new products. These costs are capitalised when incurred and are amortised on a straight-line basis over the expected remaining production life of the relevant car model. The amortisation is charged to the profit and loss account.

If there is a change in operating conditions which may impact the expected model life, an impairment assessment is performed and any necessary adjustments to the carrying value of the affected intangible assets will be made.

Development costs have been capitalised in accordance with IAS 38 *Intangible Assets* and are therefore not treated, for dividend purposes, as a realised loss.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

14. Tangible fixed assets

	Assets under construction £	Freehold Land and buildings £	Plant and machinery £	Total £
Cost				
At 1 April 2015	133,869	12,545,143	17,012,852	29,691,864
Additions	1,442,238	-	-	1,442,238
Transfers	(361,703)	10,725	350,978	-
At 31 March 2016	<u>1,214,404</u>	<u>12,555,868</u>	<u>17,363,830</u>	<u>31,134,102</u>
Accumulated depreciation and impairment				
At 1 April 2015	-	3,305,005	13,368,694	16,673,699
Charge for the year	-	185,319	1,559,204	1,744,523
At 31 March 2016	-	<u>3,490,324</u>	<u>14,927,898</u>	<u>18,418,222</u>
Carrying amount				
At 31 March 2016	<u>1,214,404</u>	<u>9,065,544</u>	<u>2,435,932</u>	<u>12,715,880</u>
At 31 March 2015	<u>133,869</u>	<u>9,240,138</u>	<u>3,644,158</u>	<u>13,018,165</u>

All land and buildings are held on a freehold basis.

15. Stocks

	31 March 2016 £	31 March 2015 £
Raw materials and goods in transit	8,736,410	6,986,608
Finished goods	<u>216,686</u>	<u>1,933,744</u>
	<u>8,953,096</u>	<u>8,920,352</u>

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

16. Debtors

	31 March 2016 £	31 March 2015 £
Amounts falling due within one year:		
Trade debtors	14,422,427	12,650,206
Amounts owed by group undertakings	4,866	16,379
Other debtors	2,996	5,479
Prepayments and accrued income	373,467	708,650
	<u>14,803,756</u>	<u>13,380,715</u>
Amounts falling due after more than one year		
Prepayments and accrued income	5,123	14,743
	<u>14,808,879</u>	<u>13,395,457</u>

17. Creditors

	31 March 2016 £	31 March 2015 £
Amounts falling due within one year		
Trade creditors	6,396,977	6,426,390
Corporation tax	184,751	894,090
Deferred tax	420,531	530,847
Amounts owed to group undertakings	8,230,429	8,643,345
Deferred income	3,347,081	1,099,351
Other creditors including tax and social security	2,319,693	1,218,774
	<u>20,899,462</u>	<u>18,812,797</u>
Amounts falling due after more than one year		
Deferred income	537,750	687,184

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £	Deferred chargeable gains £	Other Trading items £	Total £
At 1 January 2014	456,153	-	-	456,153
Charge to profit or loss	74,694	-	-	74,694
At 31 March 2015	530,847	-	-	530,847
Charge/(credit) to profit or loss	(48,214)	12,658	(74,760)	(110,316)
At 31 March 2016	482,633	12,658	(74,760)	420,531

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £	2015 £
Deferred tax liabilities	495,291	530,847
Deferred tax assets	(74,760)	-
	420,531	530,847

19. Share capital

	31 March 2016 £	31 March 2015 £
Issued and fully paid: 12,000,000 ordinary shares of £1 each	12,000,000	12,000,000

The Company has one class of ordinary shares which carry no right to fixed income.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

20. Profit and loss account

	£
Balance at 1 January 2014 (restated)	16,658,772
Net profit for the year	6,770,226
Balance at 31 March 2015	<u>23,428,998</u>
Net profit for the year	6,044,994
Balance at 31 March 2016	<u><u>29,473,992</u></u>

21. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees.

The total cost charged to income of £259,174 (2015: £341,231) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 March 2016, contributions of £42,287 (2015: £Nil) due in respect of the current reporting period had not been paid over to the schemes and are included in accruals.

22. Operating lease arrangements

The Company as lessee

	2016 £	2015 £
Lease payments under operating leases recognised as an expense in the year	<u>1,516,164</u>	<u>1,976,560</u>

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	561,021	44,409
In the second to fifth years inclusive	133,554	1,110,140
	<u>694,575</u>	<u>1,154,549</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties, rent & various plant and machinery. Leases are negotiated for an average term of 4 years and rentals are fixed for an average of 3 years with an option to extend for a further 1-5 years as the business sees fit at the then prevailing market rate.

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

23. Financial commitments

Contracted for but not provided for
- tangible fixed assets

31 March 2016	31 March 2015
£	£
86,979	30,037

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

24. Related party transactions

As a wholly owned subsidiary of TS Tech Co. Limited, the company has taken the advantage of the exemption contained in IAS 24 Related Parties from the requirement to disclose related party transactions with other group companies.

The company supplies parts to Honda of the UK Manufacturing Limited solely for use in cars produced by Honda. In addition, Honda assists the company with funding for its tooling projects. Honda owns 22.7% of the largest parent undertaking and controlling party, TS Tech Co. Limited. As a result of the trading relationship, £14,063,454 was owed by Honda at the period-end date (31 March 2015: £12,210,999). Sales to Honda during the period amounted to £104,807,706 (31 March 2015: £129,991,068).

The directors' remuneration, analysed under the headings required by Company law is set out below.

	31 March 2016 £	31 March 2015 £
Directors' remuneration		
Emoluments	441,987	484,727
Company contributions to money purchase pension schemes	13,200	17,957
	<u>455,187</u>	<u>502,684</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
	2016 £	2015 £
Remuneration of the highest paid director:		
Emoluments	<u>295,429</u>	<u>325,781</u>

TS TECH UK LTD

Notes to the financial statements

For the year ended 31 March 2016

25. Controlling party

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is TS Tech Co. Limited, a Company incorporated in Japan. The largest and smallest group of which the company is a member for which group financial statements are drawn up is TS Tech Co. Limited.

26. Transition from old UK GAAP to FRS 101

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For more information see note below.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the 15 months ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 January 2014 (due to FY15 being a 15 month accounting period). An adjustment is required to restate deferred tax balances recognised due to industrial buildings allowances recognised under IFRS and is shown below. In addition, software costs have been reclassified from tangible fixed assets to intangible fixed assets. This has no impact on equity or profit.

Reconciliation of equity

	At 1 January 2014 £	At 31 March 2015 £
Equity reported under previous UK GAAP	29,569,448	36,339,674
Adjustments to equity on transition to FRS 101		
Deferred tax adjustment on industrial buildings	(910,676)	(910,676)
Equity reported under FRS 101	28,658,772	35,428,998

Reconciliation of total comprehensive income for the 15 months ended 31 March 2015

	£
Total comprehensive income for the 15 months under previous UK GAAP	6,770,226
Deferred tax adjustment on industrial buildings	
Total comprehensive income for the 15 months under FRS 101	6,770,226