

# **Stanley Electric (U.K.) Company Limited**

## **Annual report for the year ended 31 March 2007**

Registered no 04071741

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# **Stanley Electric (U.K.) Company Limited**

**Annual Report for the year ended  
31 March 2007**

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# Stanley Electric (U.K.) Company Limited

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## Directors' report

The directors present their report and the financial statements for the period ended 31 March 2007

### Principal activities

The principal activity of the company is the purchase and sale of lighting products primarily automotive lighting, light emitting diodes, sub miniature lamps accessories for automotive and flash light for camera

### Business review

On 31 August 2006 the directors approved a transfer of the entire issued share capital of the Company to Stanley Electric Holding Europe Company Limited from Stanley Electric Company Limited in exchange for 100% of the shares of Stanley Electric Holding Europe Company Limited. The share transfer agreement was completed on 31 August 2006. The Company is now a wholly owned subsidiary of Stanley Electric Holding Europe Co , Limited.

The Company is highly dependent on the markets and products that the group to which it belongs are active within. The principal risk to which the company is exposed is a long-term reduction in the demand for the group's products in the automotive and electronic device sectors.

The level of turnover is significantly impacted by changes in automotive and electronic device models by the manufacturers. During the year production commenced of a model in the electronic device sector to which the Company supplied components, leading to a significant increase in turnover.

Because the Company is a trading operation, there are no key performance indicators used by the Board to monitor the Company's performance except for sales, material and other expenses trends compared with budget and forecast, the value and proportion of overdue debts and the level of stock. The second is normally an indication of invoicing issues rather than representing a collection risk and the last relates normally to cash management risk.

At the year end the Company's financial position was satisfactory with sufficient cash reserves to cover approximately one year's overheads.

The directors expect the level of activity to increase in future periods.

### Financial risk management policies

The company's sales and purchases are denominated mainly in Euros, which provides a natural hedge against foreign exchange risk. No other foreign exchange hedging activities are performed. Price risk is minimised through entering into long term pricing arrangements with major customers. Purchases are made solely from the company's parent, group undertakings and strategic aligned partner, and at agreed long term purchase prices. Credit risk is controlled by dealing only with large prestigious automotive manufacturers with which the group has a long trading relationship. Liquidity and cash flow risk are managed through agreeing appropriate payment terms with both customers and with the parent company.

## Dividends

The directors propose the payment of dividend in respect of the period ended 31 March 2007 amounting to €1,128,000 (2006: €1,680,000)

## Directors

The directors of the company during the period were

Naomichi Saito	
Akihito Asanuma	(resigned 29 May 2006)
Akihiro Nakamura	
Toshiro Koizumi	
Yoshiaki Yamazaki	
Tomoichiro Hori	(resigned 29 May 2006)
Shuichi Ito	

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2007 and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

## Statement as to disclosure of information to auditors

Each of the directors confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he 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 auditors are aware of that information

## Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the annual general meeting

Signed on behalf of the Board of Directors



Naomichi Saito  
Director

## **Independent auditors' report to the members of Stanley Electric (U.K.) Company Limited**

We have audited the financial statements of Stanley Electric (U K ) Company Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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 report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
London

22<sup>nd</sup> June 2007

**Profit and loss account  
for the year ended 31 March 2007**

	Note	2007 €	2006 €
<b>Turnover</b>	2	66,995,925	39,443,871
Cost of sales		(58,286,156)	(30,268,345)
<b>Gross profit</b>		8,709,769	9,175,526
Administrative expenses		(5,711,289)	(4,427,850)
<b>Operating profit</b>	3	2,998,480	4,747,676
Interest receivable	6	295,332	152,392
Interest payable		(3,753)	-
<b>Profit on ordinary activities before taxation</b>		3,290,059	4,900,068
Tax on profit on ordinary activities	7	(1,035,644)	(1,555,648)
<b>Profit for the financial year</b>		2,254,415	3,344,420

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented

The results above relate to continuing activities

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

# Stanley Electric (U.K.) Company Limited

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## Balance sheet as at 31 March 2007

	Notes	2007 €	2006 €
<b>Fixed assets</b>			
Tangible assets	9	<u>94,981</u>	<u>92,757</u>
<b>Current assets</b>			
Stocks	10	1,260,689	961,745
Debtors	11	11,323,097	4,809,259
Cash at bank and in hand		<u>10,136,217</u>	<u>9,713,247</u>
		<b>22,720,003</b>	<b>15,484,251</b>
<b>Creditors: amounts falling due within one year</b>	13	<u>(13,123,303)</u>	<u>(6,762,038)</u>
<b>Net current assets</b>		<u><b>9,596,700</b></u>	<u><b>8,722,213</b></u>
<b>Total assets less current liabilities</b>		<b>9,691,681</b>	<b>8,814,970</b>
<b>Provisions for liabilities and charges</b>	14	<b>(302,296)</b>	-
<b>Net assets</b>		<u><b>9,389,385</b></u>	<u><b>8,814,970</b></u>
<b>Capital and reserves</b>			
Called up share capital	15	1,229,067	1,229,067
Profit and loss account	16	<u>8,160,318</u>	<u>7,585,903</u>
<b>Equity shareholders' funds</b>	17	<u><b>9,389,385</b></u>	<u><b>8,814,970</b></u>

The financial statements on pages 5 to 15 were approved by the board of directors on 20th June 2007 and were signed on its behalf by:

  
N Saito  
Director



## Notes to the financial statements for the year ended 31 March 2007

### 1 Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies, which have been applied consistently other than as described, are set out below.

#### Reporting currency

The financial statements have been prepared in euro ("€"). The exchange rate at the balance sheet date was £1 = € 1.4706 (2006 £1 = €1.4347).

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided on a straight line basis so as to write off the cost of tangible fixed assets over their expected useful lives at the following annual rates:

Computer equipment	50%
Motor vehicles	33 1/3%
Office equipment, furniture and fittings	33 1/3%

#### Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a moving average basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### Foreign currency transactions

Assets and liabilities expressed in foreign currencies are translated into euros at the rate of exchange ruling at the 31 March 2007. Transactions in currencies other than euros are recorded at the rate ruling at the prior month end, with any gain or loss being charged to the profit and loss account.

#### Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### Provisions

Provisions are made when a constructive obligation arises. The balance for provisions has been calculated as the expected future payments that may occur due to a claim for damages relating to the products sold. The balance provided is the maximum amount expected to be paid by the parent company and has not been discounted to its present value.

# **Stanley Electric (U.K.) Company Limited**

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## **Cash flow statement**

The company is a wholly owned subsidiary of Stanley Electric Co , Ltd , a company incorporated in Japan. As the group financial statements of Stanley Electric Company Limited are publicly available, the company has taken advantage of the exemption conferred by FRS1 from the inclusion of a cash flow statement.

## **Related party disclosures**

As the company is a wholly owned subsidiary of Stanley Electric Company Limited, the company has taken advantage of the exemption conferred by FRS 8 and has not disclosed transactions or balances with entities that are a part of the group qualifying as related parties. Consolidated financial statements of Stanley Electric Company Limited within which this company is included can be obtained from the address given in note 18.

## **Deferred taxation**

Financial Reporting Standard 19, Deferred Tax has been adopted. The standard requires full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations, where future payment or receipt is more likely than not to occur.

## **Turnover**

Turnover, which excludes value added tax, represents the invoiced value of goods supplied.

## 2 Turnover

Turnover represents amounts receivable for goods sold during the period and is exclusive of VAT.

Turnover by destination of customers arose as follows

	2007	2006
	€	€
United Kingdom	28,163,665	36,851,514
Rest of Europe	3,996,639	2,367,692
China	34,808,731	170,775
Other area	26,890	53,890
	<u>66,995,925</u>	<u>39,443,871</u>

## 3 Operating profit

	2007	2006
	€	€
<b>Operating profit is stated after charging:</b>		
Depreciation	62,142	54,858
Property lease	208,256	167,515
Hire of other assets under operating leases	11,693	23,434
Exchange losses	442,324	399,376
Auditors' remuneration for audit services		
- for audit services	34,183	28,692
- for non-audit services - tax compliance services	<u>25,619</u>	<u>26,162</u>

## 4 Employee costs

	2007	2006
	€	€
Staff costs during the period amounted to		
Wages and salaries	1,506,723	1,435,847
Social security costs	85,420	100,980
Other staff costs	196,781	247,927
	<u>1,788,924</u>	<u>1,784,754</u>

	2007 Number	2006 Number
The average monthly number of employees (including executive directors) during the period was		
Selling and distribution	13	13
Administration	4	3
	<u>17</u>	<u>16</u>

## 5 Directors' emoluments

	2007 €	2006 €
Directors' emoluments (including benefits in kind)	<u>404,799</u>	<u>647,891</u>
Highest paid director		
	2007 €	2006 €
Aggregate emoluments	<u>331,403</u>	<u>416,300</u>

The emoluments of Messrs Nakamura, Koizumi, Yamazaki, Hori and Ito are paid by the parent company which makes no recharge to the company. It is not possible to make an accurate apportionment of their emoluments in respect of each company. Accordingly, the above details include no emoluments in respect of Messrs Nakamura, Koizumi, Yamazaki, Hori and Ito.

## 6 Interest receivable

	2007 €	2006 €
On cash balances held at bank	290,478	152,378
Other interest	4,854	14
	<u>295,332</u>	<u>152,392</u>

## 7 Taxation on profit on ordinary activities

The taxation charge comprises

	2007	2006
	€	€
<b>Current tax:</b>		
UK corporation tax on profits for the period	1,050,306	1,505,505
Adjustments in respect to previous periods	(11,366)	52,274
Total current tax charge	1,038,940	1,557,779
<b>Deferred tax:</b>		
Movement in deferred taxation	(3,296)	(2,131)
<b>Tax on profit on ordinary activities</b>	<b>1,035,644</b>	<b>1,555,648</b>

The tax assessed for the period is higher (2006 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007	2006
	€	€
<b>Profit on ordinary activities before tax</b>	<b>3,290,059</b>	<b>4,900,068</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 30%)	987,018	1,470,020
<b>Effects of:</b>		
Expenses not deductible for tax purposes	59,471	35,213
Depreciation in excess of capital allowances	3,817	272
Adjustments to tax charge in respect of previous periods	(11,366)	52,274
<b>Current tax charge for the period</b>	<b>1,038,940</b>	<b>1,557,779</b>

## 8 Dividends

	2007	2006
	€	€
<b>Equity – Ordinary</b>		
Final dividend for the year of €2 10 per £1 share (2006 €2 57 per share)	<u>1,680,000</u>	<u>2,056,000</u>

The directors have proposed a final dividend for the year ended 31 March 2007 of €1.41 per share that is a total of €1,128,000. This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

## 9 Tangible fixed assets

	Computer equip €	Motor vehicles €	Office equipment, furniture and fittings €	Total €
<b>Cost</b>				
At 1 April 2006	97,694	25,688	104,625	228,007
Additions	31,615	30,703	2,048	64,366
Disposals	-	-	-	-
<b>At 31 March 2007</b>	<u>129,309</u>	<u>56,391</u>	<u>106,673</u>	<u>292,373</u>
<b>Depreciation</b>				
At 1 April 2006	51,698	8,563	74,989	135,250
Charge for the period	26,127	18,797	17,218	62,142
Disposals	-	-	-	-
<b>At 31 March 2007</b>	<u>77,825</u>	<u>27,360</u>	<u>92,207</u>	<u>197,392</u>
<b>Net book value</b>				
<b>At 31 March 2007</b>	<u>51,484</u>	<u>29,031</u>	<u>14,466</u>	<u>94,981</u>
At 31 March 2006	<u>45,996</u>	<u>17,125</u>	<u>29,636</u>	<u>92,757</u>

## 10 Stocks

	2007	2006
	€	€
Goods held for resale	<u>1,260,689</u>	<u>961,745</u>

## 11 Debtors

	2007	2006
	€	€
Amounts falling due within one year		
Trade debtors	9,695,797	2,955,155
Deferred tax (note 12)	18,035	14,739
Prepayments and accrued income	1,609,265	1,839,365
	<u>11,323,097</u>	<u>4,809,259</u>

## 12 Deferred taxation

The deferred tax asset comprises

	2007	2006
	€	€
Capital allowances in excess of depreciation	<u>18,035</u>	<u>14,739</u>

	2007	2006
	€	€
At 1 April	14,739	12,608
Amount credited to the profit and loss account	3,296	2,131
At 31 March	<u>18,035</u>	<u>14,739</u>

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date

# Stanley Electric (U.K.) Company Limited

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## 13 Creditors - Amounts falling due within one year

	2007	2006
	€	€
Trade creditors	289,265	655,130
Amounts owed to group undertakings	6,561,001	185,150
Amounts owed to ultimate parent company	2,364,249	3,532,928
Corporation tax	494,932	681,976
Taxation and social security	1,818,237	57,031
Other creditors	1,277,114	1,404,717
Accruals and deferred income	318,505	245,106
	<u>13,123,303</u>	<u>6,762,038</u>

## 14 Provisions for liabilities and charges

	Warranty	Total
	€	€
At 1 April 2006	-	-
Charged to the profit and loss account	<u>302,296</u>	<u>302,296</u>
<b>31 March 2007</b>	<u><b>302,296</b></u>	<u><b>302,296</b></u>

The above balance has been calculated as the expected future payments that may occur due to claims for damages relating to the products sold

## 15 Called up share capital

	2007	2006
	€	€
<b>Authorised</b>		
800,000 Ordinary £1 shares	<u>1,229,067</u>	<u>1,229,067</u>
<b>Allotted, issued and fully paid</b>		
800,000 Ordinary £1 shares	<u>1,229,067</u>	<u>1,229,067</u>

## 16 Profit and loss account

	€
At 1 April 2006	7,585,903
Dividends	(1,680,000)
Profit for the financial year	<u>2,254,415</u>
<b>At 31 March 2007</b>	<u><b>8,160,318</b></u>



## 17 Reconciliation of movements in shareholders' funds

	€
Opening shareholders' funds at 1 April 2006	8,814,970
Dividends	(1,680,000)
Profit for the financial period	2,254,415
Closing shareholders' funds at 31 March 2007	<u>9,389,385</u>

## 18 Financial commitments

At 31 March 2007, the company had annual commitments under non-cancellable operating leases as follows

	2007		2006	
	Land and Buildings	Other	Land and Buildings	Other
	€	€	€	€
Expiring within one year	-	-	-	-
Expiring between two to five years	174,521	6,167	183,932	7,847
	<u>174,521</u>	<u>6,167</u>	<u>183,932</u>	<u>7,847</u>

## 19 Contingent liabilities

Guarantees have been given to the following

	2007
H M Customs and Excise	£600,000

## 20 Ultimate parent company

The directors regard Stanley Electric Holding Europe Company Limited, incorporated in the United Kingdom, as the immediate parent company and Stanley Electric Company Limited, incorporated in Japan, as the immediate and ultimate parent company. Consolidated financial statements can be obtained from Stanley Electric Co., Ltd., 2-9-13 Nakameguro, Meguro-Ku, Tokyo, 153-8636, Japan.