Annual report for the year ended 31 March 2010



23/07/2010 COMPANIES HOUSE

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Annual Report for the year ended 31 March 2010

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Directors' report for the year ended 31 March 2010

The directors present their report and the audited financial statements of the company for the year ended 31 March 2010.

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 and flash lamps for mobile phone cameras

Business review

This past financial year has seen challenging trading conditions still influenced by the economic recessions caused by the global banking industry collapse. The first signs of improvement in our customers market segments started to appear late into the second half of the financial year with the short to medium term forecast being of modest growth

Stanley's turnover is greatly dependent upon the performance of the European automotive sector and the range of products developed by our parent company to sell into this market.

Specifically, our key UK automotive customer took the extraordinary step of stopping production for 4 months. The last 2 months of this period and the corresponding financial impact, were the first 2 months of the recently ended financial year. This initiative, unprecedented in the industry, reduced our key customer's inventories and has more closely aligned their demand versus supply ratio. This, in turn, has stabilised our future sales and forecasts.

The components sales for the non automotive related sectors were also severely affected by the downturn in the global economies. The awarding of new contracts from both new and existing customers will begin to reduce this trend and later reverse it.

Increased management focus on key performance indicators, especially in the field of financial control, purchase costs, expense, debtors and creditors control meant that the company's financial position, year ending 31 March 2010, remained profitable and financially stable

The director's expect that both Stanley's automotive related and non automotive related sales activities will increase within the short to medium term

Key performance indicators used by the Board to monitor the Company's performance are sales, gross profit and operating profit compared with budget and forecast, the value and proportion of overdue debts

Directors' report for the year ended 31 March 2010 (continued)

Results and dividends

The company's profit for the year ended 31 March 2010 amounted to &1,196,395 (2009 profit of &3,582,424 (restated see note 1)). The directors propose the payment of dividend in respect of the year ended 31 March 2010 amounting to &600,000 (2009 &1,944,000)) which is expected to be paid on 30 June 2010.

Research and development

The company is committed to a policy of research and development and its investment in such activities in order to maintain and promote its position for its products. The company outsources the activities to its parent company whilst taking the cost of them.

Directors

The directors of the company during the year and up to the date of signing the financial statements were

Akihito Asanuma	(appointed 18 June 2009)
Naomichi Saito	(reappointed 18 June 2009)
Akıhıro Nakamura	(resigned 18 June 2009)
Makio Natsusaka	(reappointed 18 June 2009)
Kazunori Nakai	(resigned 18 June 2009)
Yasumi Motokawa	(reappointed 18 June 2009)
Iain Evans	(reappointed 18 June 2009)
Hidenari Yamazakı	(reappointed 18 June 2009)
Katsumı Kondo	(appointed 18 June 2009)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Directors' report for the year ended 31 March 2010 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

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

Statement as to disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 the following applies

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the necessary 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.

Independent auditors

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

On behalf of the board of directors

A Asanuma

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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 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

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Andrew Duxbury (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Uxbridge

11 June 2010

Profit and loss account for the year ended 31 March 2010

		2010	2009 Restated*
	Note	ϵ	€
Turnover	2	48,347,667	75,375,833
Cost of sales		(43,224,559)	(65,512,463)
Gross profit		5,123,108	9,863,370
Administrative expenses		(3,427,005)	(5,301,264)
Operating profit	3	1,696,103	4,562,106
Interest receivable and similar income	6	16,652	287,170
Interest payable and similar charges		<u> </u>	(8,406)
Profit on ordinary activities before taxation		1,712,755	4,840,870
Tax on profit on ordinary activities	7	(516,360)	(1,258,446)
Profit for the financial year	17	1,196,395	3,582,424

^{*} Restated, see note 1

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

The notes on pages 9 to 20 form part of these financial statements

Balance sheet as at 31 March 2010

		2010	2009 Restated*
	Note	ϵ	Restated €
Fixed assets			
Intangible assets	9	745,977	178,472
Tangible assets	10	46,770	65,726
	•	792,747	244,198
Current assets			
Stocks	11	1,784,606	708,144
Debtors	12	8,774,801	4,228,433
Cash at bank and in hand		11,139,257	11,553,797
		21,698,664	16,490,374
Creditors: amounts falling due within one year	14	(10,876,404)	(4,366,986)
Net current assets		10,822,260	12,123,388
Total assets less current liabilities		11,615,007	12,367,586
Provisions for liabilities and charges	15	(41,616)	(46,590)
Net assets	•	11,573,391	12,320,996
Capital and reserves			
Called up share capital	16	1,229,067	1,229,067
Profit and loss account	17	10,344,324	11,091,929
Total shareholders' funds	18	11,573,391	12,320,996

^{*} Restated, see note 1

The financial statements on pages 6 to 20 were approved by the board of directors on June 2010 and were signed on its behalf by.

残路路人 07/06/2010

A Asanuma

Director

Stanley Electric (U.K.) Company Limited

Registered number 04071741

Statement of total recognised gains and losses for the year ended 31 December 2009

		2010	2009 Restated*
	Note	$oldsymbol{\epsilon}$	€
Profit for the financial year		1,196,395	3,582,424
Total recognised gains and losses relating to the financial year		1,196,395	3,582,424
Prior year adjustment	1	178,472	
Total gains and losses recognised since last annual report		1,374,867	

^{*} Restated, see note 1

Notes to the financial statements for the year ended 31 March 2010

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 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)) The principal accounting policies, which have been applied consistently other than as described, are set out below

The company has changed its accounting policy in respect of capitalisation of development costs during the year. In previous periods, development costs were expensed as incurred, however, under the revised accounting policy, the company now capitalises and amortises all development costs (internal and external), subject to them meeting the criteria set out in SSAP13 Accounting for research and development. The impact of this accounting policy change is to increase net asset of the company at 31 March 2010 by €745,977 (31 March 2009: €178,472, 1 April 2009: €480,101) and to increase the profit for the year ended 31 March 2010 by €567,504 (31 March 2009 decrease, €301,628)

Reporting currency

The financial statements have been prepared in euro (" ϵ ") The exchange rate at the balance sheet date was £1 = ϵ 1 123 (2009. £1 = ϵ 1 0765).

Intangible assets - research and development

Research expenditure is written off as incurred Development expenditure is also written off except where the directors are satisfied as to the technical and financial viability of individual projects. In such case, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is usually two years

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The historic purchase cost 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	331/3%
Office equipment, furniture and fittings	331/3%

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Accounting policies (continued)

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. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Debtors

Debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of an inability to pay.

Foreign currency transactions

Monetary assets and liabilities expressed in foreign currencies are translated into euros at the rate of exchange ruling at the 31 March 2010. Transactions in currencies other than euros are recorded at the rate ruling at the date of the transaction, 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.

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 Co., Limited are publicly available, the company has taken advantage of the exemption conferred by FRS1 (Revised 1996) from the inclusion of a cash flow statement.

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Accounting policies (continued)

Related party disclosures

As the company is a wholly owned subsidiary of Stanley Electric Co, 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 Co, Limited and Stanley Electric Holding Europe Co., Limited within which this company is included can be obtained from the address given in note 21

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 and other product related revenue Revenue is recognised at the point at which goods are dispatched

2 Turnover

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

Turnover by destination of customers arose as follows

	2010	2009
	ϵ	ϵ
United Kingdom	25,001,502	45,977,907
Rest of Europe	6,814,580	4,162,876
China	16,504,730	22,232,052
Other area	26,855	3,002,998
	48,347,667	75,375,833

Notes to the financial statements for the year ended 31 March 2010 (continued)

3 Operating profit

5 Operating profit	***	2000
	2010	2009 Restated*
	ϵ	Restated. €
Operating profit is stated often sharoung/(avaditing)	E	E
Operating profit is stated after charging/(crediting).	45.053	21.256
Depreciation on own tangible fixed assets	47,872	71,756
Property lease	223,223	223,684
Hire of other assets under operating leases	2,688	5,451
Exchange losses/(gains)	96,920	(319,252)
Development costs amortisation	128,773	301,629
Auditors' remuneration for audit services		
- for audit services	27,056	25,837
- for non-audit services - tax compliance services	16,262	16,896
* Restated, see note 1		
4 Employee costs		
	2010	2009
	$oldsymbol{\epsilon}$	€
Staff costs during the year amounted to		
Wages and salaries	1,685,416	1,628,017
Social security costs	98,178	98,404
Other staff costs	141,975	198,246
	1,925,569	1,924,667
	2010	2009
	Number	Number
The average monthly number of employees (including executive directors) during the year was		
Selling and distribution	14	14
Administration	8	8
	22	22

Notes to the financial statements for the year ended 31 March 2010 (continued)

5 Directors' emoluments

5 Directors emoraments		
	2010	2009
	$oldsymbol{\epsilon}$	ϵ
Aggregate emoluments (including benefits in kind)	493,713	557,027
Highest paid director	2010	2009
	€	ϵ
Aggregate emoluments	207,548	343,224

The emoluments of Messrs Saito, Natsusaka, Motokawa, Kondo and Yamazaki 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 Saito, Natsusaka, Motokawa, Kondo and Yamazaki

6 Interest receivable and similar income

	2010	2009
	€	ϵ
On cash balances held at bank	16,652	287,170
	16,652	287,170

Notes to the financial statements for the year ended 31 March 2010 (continued)

7 Taxation

(a) Tax on profit on ordinary activities

The taxation charge comprises

		2009
	2010	Restated*
	ϵ	ϵ
Current tax:		
UK corporation tax on profits for the year	474,357	1,421,221
Adjustments in respect to previous periods	38,007	(152,809)
Total current tax	512,364	1,268,412
Deferred tax:		
Origination and reversal of timing differences (note 13)	3,996	(9,966)
Tax on profit on ordinary activities	516,360	1,258,446

(b) Factors affecting tax charge

The tax assessed for the period is higher (2009 lower) than the standard rate of corporation tax in the UK (28%, 28% in 2009). The differences are explained below

	2010 €	2009 Restated*
Profit on ordinary activities before taxation	1,712,755	(4,840,870)
Profit on ordinary activities multiplied by standard UK corporation tax rate of 28% (2009 28%) Effects of	479,571	1,355,443
Expenses not deductible for tax purposes	40,794	55,490
Depreciation in excess of capital allowances	5,620	10,287
Group relief claimed	(51,628)	-
Adjustments in respect of previous years	38,007	(152,809)
Current tax charge	512,364	1,268,412

Notes to the financial statements for the year ended 31 March 2010 (continued)

8 Dividends

	2010	2009
	€	ϵ
Equity – Ordinary		
Final dividend for the year of €2 43 per £1 share (2009 €5 08 per share)	1,944,000	4,064,000

The directors have proposed a final dividend for the year ended 31 March 2010 of ϵ 0 75 per share that is a total of ϵ 600,000 This dividend has not been accounted for within the current year financial statements as it has yet to be approved.

9 Intangible assets

	Development costs €
Cost	
At 1 April 2009 (restated*)	1,214,705
Additions	696,277
Disposals	(890,215)
At 31 March 2010	1,020,767
Accumulated amortisation	
At 1 April 2009 (restated*)	1,036,232
Charge for the year	128,773
Disposals	(890,215)
At 31 March 2010	274,790
Net book value	7.47.077
At 31 March 2010	745,977
At 31 March 2009 (restated*)	178,472

^{*} Restated, see note 1

Development costs relate to the costs of developing new lighting product deigns. The costs are written off over the expected life which is usually two years. At the end of the period, intangible assets with zero net book value are deemed to be disposed.

Notes to the financial statements for the year ended 31 March 2010 (continued)

10 Tangible assets

	Computer equipment	Motor vehicles	Office equipment, furniture and fittings	Total
	ϵ	ϵ	ϵ	ϵ
Cost				
At 1 April 2009	138,888	112,316	133,427	384,631
Additions	0	27,139	1,777	28,916
Disposals	-	-	-	-
At 31 March 2010	138,888	139,455	135,204	413,547
Accumulated depreciation				
At 1 April 2009	128,764	73,556	116,585	318,905
Charge for the year	5,154	33,989	8,729	47,872
Disposals	-	-	-	-
At 31 March 2010	133,918	107,545	125,314	366,777
Net book value				
At 31 March 2010	4,970	31,910	9,890	46,770
At 31 March 2009	10,124	38,760	16,842	65,726
11 Stocks				
			2010	2009
			€	ϵ
Goods held for resale			1,784,606	708,144

Notes to the financial statements for the year ended 31 March 2010 (continued)

12 Debtors

	2010	2009
	$oldsymbol{\epsilon}$	ϵ
Amounts falling due within one year		
Trade debtors	8,183,631	2,419,388
Amounts owed by group undertakings	76,552	50,183
Amounts owed by ultimate parent company	5,059	2,503
Deferred tax (note 13)	28,277	32,273
Prepayments and accrued income	481,282	1,724,086
	8,774,801	4,228,433

Amounts owed by group undertakings and ultimate parent company are unsecured, interest free, and repayable on demand.

13 Deferred taxation

The deferred tax asset comprises.

	2010	2009
	€	ϵ
Depreciation in excess of capital allowances	28,277	32,273
	2010	2009
	€	ϵ
At 1 Aprıl	32,273	22,307
Amount (charged)/credited to the profit and loss account	(3,996)	9,966
At 31 March	28,277	32,273

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

Notes to the financial statements for the year ended 31 March 2010 (continued)

14 Creditors - Amounts falling due within one year

	2010	2009
	ϵ	ϵ
Trade creditors	463,003	93,194
Amounts owed to group undertakings	5,038,793	2,120,049
Amounts owed to ultimate parent company	4,139,227	798,816
Corporation tax	288,562	673,341
Taxation and social security	372,379	11,631
Accruals and deferred income	574,440	669,955
	10,876,404	4,366,986

Amounts owed to group undertakings and ultimate parent company are unsecured, interest free, and repayable on demand

15 Provisions for liabilities and charges

	€
At 1 April 2009	46,590
Utilised during the year	(4,974)
31 March 2010	41,616

The balance has been provided for the expected future payment in compensation for assembly equipment held by a supplier as the relating production has been terminated. These provisions are expected to be utilised in near future

16 Called up share capital

	2010	2009
	$oldsymbol{\epsilon}$	€
Authorised		
800,000 Ordinary £1 shares	1,229,067	1,229,067
Allotted, issued and fully paid		
800,000 Ordinary £1 shares	1,229,067	1,229,067

Notes to the financial statements for the year ended 31 March 2010 (continued)

17 Profit and loss account

At 31 March 2010	10,344,324
Profit for the financial year	1,196,395
Dividends	(1,944,000)
At 1 April 2009 (restated*)	11,091,929
Prior year adjustment (note 1)	178,472
At 1 April 2009 as previously stated	10,913,457

^{*} Restated, see note 1

18 Reconciliation of movements in shareholders' funds

	2010	2009 Restated*
	€	ϵ
Opening shareholders' funds as previously stated		12,322,471
Prior year adjustment (note 1)		480,101
Opening shareholders' funds as restated	12,320,996	12,802,572
Dividends	(1,944,000)	(4,064,000)
Profit for the financial year	1,196,395	3,582,424
Closing shareholders' funds	11,573,391	12,320,996

^{*} Restated, see note 1

19 Financial commitments

At 31 March 2010, the company had annual commitments under non-cancellable operating leases as follows

	2010		2009	
	Land and buildings	Other	Land and buildings	
	$oldsymbol{\epsilon}$	€	€	€
Expiring within one year	17,578	_	16,887	3,094
Expiring between two to five years		<u> </u>	16,887	<u> </u>
	17,578	_	33,734	3,094

€

Notes to the financial statements for the year ended 31 March 2010 (continued)

20 Contingent liabilities

Guarantees have been given to the following

2010

2009

H M Revenue and Customs

£600,000

£600,000

21 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stanley Electric Holding Europe Co., Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Stanley Electric Co, Limited, a company incorporated in Japan

Stanley Electric Co, Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2010. The consolidated financial statements of Stanley Electric Co, Limited available from Stanley Electric Co., Ltd, 2-9-13 Nakameguro, Meguro-Ku, Tokyo, 153-8636, Japan

Stanley Electric Holding Europe Co, Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Stanley Electric Holding Europe Co., Limited can be obtained from Atrium Court, The Ring, Bracknell, Berkshire, RG12 1BW, United Kingdom