

Registered number: 06042707

NSK UNITED KINGDOM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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NSK UNITED KINGDOM LIMITED

COMPANY INFORMATION

Directors	A Breitenbach H Yokoyama (resigned 16 January 2021) K Nakazawa D Suzuki (appointed 24 June 2021)
Registered number	06042707
Registered office	100 New Bridge Street London EC4V 6JA
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

NSK UNITED KINGDOM LIMITED

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NSK UNITED KINGDOM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

We aim to present a review of the development of our business during the year and its position at the year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the current market situation.

NSK United Kingdom Limited is involved with wholesale and repair of precision dental equipment, precisions surgical equipment and decontamination equipment through an established dealer network in the UK.

Business review

Throughout 2021 we continued to build on the momentum we generated in Q3 and Q4 of 2020 with NSK products that helped reduce aerosol generation in clinical settings. This led to unprecedented growth in a couple of product categories while the remaining categories also performed strongly once COVID restrictions allowed dentistry to resume.

Funding for COVID mitigating measures allowed institutions and independently owned clinics to adopt NSK solutions.

During the year (as disclosed in Note 5 to the Accounts), the Company voluntarily repaid the Coronavirus Job Retention Scheme Grants previously received during 2020. In the view of the Directors, in retrospect there was no lasting adverse impact on business performance or cash flows by the end of 2020, nor into and during 2021, as a result of the original lockdown period during which the furlough grants were received, and that no business-imperative benefit would arise from retaining the funds.

Therefore, in accordance with NSK's commitment to Corporate Social Responsibility, it was deemed only right to repay the CJRS grants in full, although there was no obligation on the Company to do so.

Principal risks and uncertainties

In addition to the uncertainties the COVID-19 pandemic is bringing the dental market remains highly competitive putting pressure on margin. Further COVID mitigation will not be as important as a lot of work in this field has been done and opportunities have been largely exhausted. Going forward public sector/NHS expenditure following the pandemic will reduce dramatically and FX fluctuation always remains a risk. NSK has adapted to the new world after BREXIT and are well prepared for the road ahead despite the challenges posed by the government inflicted issues around the movement of goods.

Financial key performance indicators

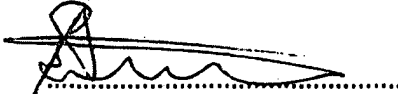
We consider that our key performance indicator is the one that communicates the performance of the company in turnover terms and market share. As a distribution and service organisation our focus is on maximising volume sales.

Sales increased sharply from £6,948,619 in 2020 to £13,223,676 in 2021.

NSK UNITED KINGDOM LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to be 'A Breitenbach', written over a horizontal dotted line.

A Breitenbach
Director

Date: 07/02/2022

NSK UNITED KINGDOM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Principal activity

The company's principal activity during the period was that of selling and offering repair services of precision dental instruments.

Directors

The directors who served during the year were:

A Breitenbach
H Yokoyama (resigned 16 January 2021)
K Nakazawa
D Suzuki (appointed 24 June 2021)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

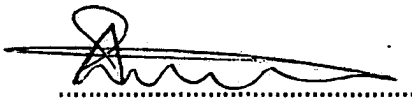
NSK UNITED KINGDOM LIMITED

**DIRECTORS' REPORT (CONTINUED) .
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



A Breitenbach
Director

Date: 07/02/2022

NSK UNITED KINGDOM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSK UNITED KINGDOM LIMITED

Opinion

We have audited the financial statements of NSK United Kingdom Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

NSK UNITED KINGDOM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSK UNITED KINGDOM LIMITED (CONTINUED)

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

NSK UNITED KINGDOM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSK UNITED KINGDOM LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, and relevant tax legislation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

NSK UNITED KINGDOM LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSK UNITED KINGDOM LIMITED
(CONTINUED)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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.



Alexander Bottom ACA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts

WD17 1HP

Date: *11th February 2022*

NSK UNITED KINGDOM LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	13,223,676	6,948,619
Cost of sales		(7,500,400)	(4,575,830)
Gross profit		5,723,276	2,372,789
Administrative expenses		(2,552,066)	(1,942,396)
Other operating income	5	(104,622)	104,622
Operating profit	6	3,066,588	535,015
Interest receivable and similar income	10	345	2,409
Other finance income		(61,078)	48,818
Profit before tax		3,005,855	586,242
Tax on profit	11	(597,626)	(114,673)
Profit for the financial year		2,408,229	471,569

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

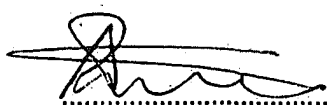
The notes on pages 12 to 25 form part of these financial statements.

NSK UNITED KINGDOM LIMITED
REGISTERED NUMBER: 06042707

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	97,844	107,889
		<u>97,844</u>	<u>107,889</u>
Current assets			
Stocks	13	1,852,281	1,533,669
Debtors: amounts falling due within one year	14	1,849,432	1,618,368
Cash at bank and in hand	15	5,980,947	4,892,586
		<u>9,682,660</u>	<u>8,044,623</u>
Creditors: amounts falling due within one year	16	(3,840,310)	(4,620,547)
Net current assets		<u>5,842,350</u>	<u>3,424,076</u>
Total assets less current liabilities		<u>5,940,194</u>	<u>3,531,965</u>
Provisions for liabilities			
Deferred tax	18	(6,688)	(6,688)
		<u>(6,688)</u>	<u>(6,688)</u>
Net assets		<u><u>5,933,506</u></u>	<u><u>3,525,277</u></u>
Capital and reserves			
Called up share capital	19	20,000	20,000
Profit and loss account	20	5,913,506	3,505,277
		<u><u>5,933,506</u></u>	<u><u>3,525,277</u></u>

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


A Breitenbach
 Director

Date: 02/02/2022

The notes on pages 12 to 25 form part of these financial statements.

NSK UNITED KINGDOM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	20,000	3,033,708	3,053,708
Comprehensive income for the year			
Profit for the year	-	471,569	471,569
Total comprehensive income for the year	-	471,569	471,569
At 1 January 2021	20,000	3,505,277	3,525,277
Comprehensive income for the year			
Profit for the year	-	2,408,229	2,408,229
Total comprehensive income for the year	-	2,408,229	2,408,229
At 31 December 2021	20,000	5,913,506	5,933,506

The notes on pages 12 to 25 form part of these financial statements.

NSK UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

NSK United Kingdom Limited is a members limited liability company, incorporated in England and Wales. The registered office is 100 New Bridge Street, London, EC4V 6JA.

The company's principal activity during the period was that of selling and offering repair services of precision dental instruments.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of NSK Nakanishi Inc. as at 31 December 2021 and these financial statements may be obtained from 700 Shimohinata Kanuma-shi, Tochigi, 332-8666.

2.3 Going concern

The Directors of the Company in making their assessment of going concern, assessed the current and potential impacts of the COVID-19 pandemic and Brexit.

Based on current cash working capital and expected future cashflows based on financial forecasts, the Directors believe the Company to be a going concern, in that it will continue to operate for a period of no less than 12 months from the date of these financial statements.

As such, the Directors consider it appropriate to produce these financial statements on the going concern basis.

NSK UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- 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 Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NSK UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the period of the lease
Fixtures and fittings	- 3-10 years straight line
Office equipment	- 3-10 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NSK UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

derivatives.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- The recoverability of trade receivables has been assessed as at the year end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgement of all the available information, and their experience of the specific nature of trade receivable in question.

- Stock is included as per the accounting policy set out above. Management have assessed the need to write off or provide against any specific items based on the levels held at year end, and the expected sales of such items in the immediate period post year end.

4. Turnover

The whole of the turnover is attributable to the wholesale and repair of precision dental equipment.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	13,058,289	6,694,795
Rest of Europe	165,387	253,824
	<u>13,223,676</u>	<u>6,948,619</u>

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021 £	2020 £
Government grants receivable	(104,622)	104,622
	<u>(104,622)</u>	<u>104,622</u>

During the year, the Company voluntarily repaid £104,622 of Coronavirus Job Retention Scheme Grant income back to the UK government.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	(50,869)	(92,299)
Other operating lease rentals	99,773	99,672
	<u>99,773</u>	<u>99,672</u>

Included within cost of goods sold as stated within the Statement of Comprehensive Income is a charge accrued to reflect a change to the intra-group pricing policy on goods purchased from the period ending 31 December 2016 to the period ending 31 December 2021.

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,000	9,500
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	1,800	1,700
All other services	5,725	3,550
	<u>7,525</u>	<u>5,250</u>

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	1,266,027	1,031,959
Social security costs	161,591	119,759
Cost of defined contribution scheme	50,950	38,019
	<u>1,478,568</u>	<u>1,189,737</u>

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

	2021 No.	2020 No.
Administration and management	10	10
Sales and servicing	15	14
	<u>25</u>	<u>24</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	174,520	157,990
Company contributions to defined contribution pension schemes	18,884	8,531
	<u>193,404</u>	<u>166,521</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2021 £	2020 £
Other interest receivable	345	2,409
	<u>345</u>	<u>2,409</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	597,626	114,839
Adjustments in respect of previous periods	-	(734)
Total current tax	<u>597,626</u>	<u>114,105</u>
Deferred tax		
Origination and reversal of timing differences	-	568
Total deferred tax	-	568
Taxation on profit on ordinary activities	<u>597,626</u>	<u>114,673</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>3,005,855</u>	<u>586,242</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	571,112	111,386
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,735	2,049
Capital allowances for year in excess of depreciation	(843)	2,072
Adjustments to tax charge in respect of prior periods	-	(734)
Non trade charges relieved	-	(100)
Other differences leading to an increase (decrease) in the tax charge	<u>24,622</u>	<u>-</u>
Total tax charge for the year	<u>597,626</u>	<u>114,673</u>

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)

Factors that may affect future tax charges

On 3 March 2021 the Chancellor of the Exchequer announced an increase in the main rate of UK corporation tax to 25 per cent for businesses with profits greater than £250,000. Businesses with profits of £50,000 or less will continue to be taxed at 19% with marginal relief for profits up to £250,000. These changes were substantially enacted on 25 May 2021 and will take effect from 1 April 2023.

12. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2021	146,252	55,420	106,570	169,713	477,955
Additions	-	3,345	14,806	23,549	41,700
Disposals	-	-	-	(5,369)	(5,369)
At 31 December 2021	146,252	58,765	121,376	187,893	514,286
Depreciation					
At 1 January 2021	80,707	48,486	102,600	138,273	370,066
Charge for the year on owned assets	15,069	5,242	4,936	21,776	47,023
Disposals	-	-	-	(647)	(647)
At 31 December 2021	95,776	53,728	107,536	159,402	416,442
Net book value					
At 31 December 2021	50,476	5,037	13,840	28,491	97,844
At 31 December 2020	65,545	6,934	3,970	31,440	107,889

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	1,852,281	1,533,669
	<u>1,852,281</u>	<u>1,533,669</u>

14. Debtors

	2021	2020
	£	£
Trade debtors	1,563,423	1,514,341
Amounts owed by group undertakings	223,130	31,018
Other debtors	1,708	-
Prepayments and accrued income	61,171	53,127
Financial instruments	-	19,882
	<u>1,849,432</u>	<u>1,618,368</u>

15. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	5,980,947	4,892,586
	<u>5,980,947</u>	<u>4,892,586</u>

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	187,801	98,449
Amounts owed to group undertakings	2,028,758	3,277,737
Corporation tax	311,465	71,839
Other taxation and social security	785,233	887,913
Other creditors	1,609	761
Accruals and deferred income	484,248	283,848
Financial instruments	41,196	-
	<u>3,840,310</u>	<u>4,620,547</u>

17. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	-	19,882

Financial liabilities

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	<u>(41,196)</u>	<u>-</u>
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Financial assets measured at fair value through profit or loss comprise the fair value of forward foreign exchange contracts at the year end rate.

Derivative financial instruments measured at fair value through profit or loss comprise the fair value of forward foreign exchange contracts at the year end rate.

18. Deferred taxation

	2021 £
At beginning of year	(6,688)
Charged to profit or loss	-
At end of year	<u>(6,688)</u>

NSK UNITED KINGDOM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021	2020
	£	£
Accelerated capital allowances	(6,688)	(6,688)
	<u>(6,688)</u>	<u>(6,688)</u>

19. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
20,000 (2020 - 20,000) Ordinary shares of £1.00 each	<u>20,000</u>	<u>20,000</u>

20. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £50,950 (2020 - £38,019). Contributions totalling £nil (2020 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

NSK UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	98,130	98,130
Later than 1 year and not later than 5 years	237,148	335,278
	<u>335,278</u>	<u>433,408</u>
	2021 £	2020 £
Other operating leases		
Not later than 1 year	19,464	53,053
Later than 1 year and not later than 5 years	8,676	15,903
	<u>28,140</u>	<u>68,956</u>

23. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to disclose transactions with group companies on the grounds that they are all 100% owned by the group.

During the period, total remuneration including employer's NI and pension contributions paid to close family of the directors was £43,887 (2020 - £32,403).

Directors and key management personnel compensation has been disclosed in note 9.

24. Controlling party

The ultimate parent undertaking and ultimate controlling party at the balance sheet date was NSK Nakanishi Inc., a company incorporated in Japan.

The ultimate parent company's registered office is 700 Shimohinata Kanuma-shi, Tochigi, 322-8666, Japan.