

AMADA UNITED KINGDOM LIMITED

Report and Financial Statements

31 December 2013

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AMADA UNITED KINGDOM LIMITED

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AMADA UNITED KINGDOM LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2013.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company, Amada United Kingdom Limited (Amada UK) is a wholly owned subsidiary of Amada Co. Limited, registered in Japan, operating as part of its European operations. The Company also operates two branches, Amada United Kingdom Limited (Johannesburg Branch) which is registered in the Republic of South Africa and Amada United Kingdom Sucusal, registered in Spain. The results of the branches are included within these financial statements.

Amada United Kingdom Limited's principal activity is the supply of machines, tools and engineering services in the United Kingdom, the Republic of Ireland, Spain and Portugal. For the coming year, the organisation will also offer management support for some Scandinavian areas.

The Directors are not aware, at the date of this report, of any significant changes in the forthcoming year.

The year has seen an increase in turnover and a reduction in operating profit in the UK when compared to 2012. The latter is in part attributable to adverse exchange movements during the year. For the Spanish market, trading conditions continue to be difficult but significant turnover growth is consistent with the principal focus of increasing market share. The Company continues to invest in infrastructure and engineers, and the directors are confident the company can continue to grow the result. The planned move to a new facility is another important development in Spain.

As shown in the consolidated profit and loss account on page 7, the Company's turnover has increased by 5.7% (2012 increase: 2.9%) over the prior year, with pre tax profits falling by 27.5% (2012 decrease: 16.7%) from £8.8 million to £6.3 million (2012 £10.5 million to £8.8 million). The profit reduction has been driven by a number of factors including adverse foreign exchange movements both for the UK and on translation of the South African branch result, increased repair work in the UK and investment in engineers for the Spanish market.

The balance sheets on pages 9 and 10 (Consolidated and Company) show that the financial position of the Company remains strong and is consistent with prior years showing steady growth. Stocks levels have been reduced to levels comparable with two years ago, as the Company sold from the high levels of stock built up in the previous years.

Short term debtors have continued to increase. Much of this is attributable to Spain, and is consistent with the increased level of trading over the period.

Long term debtors – primarily Amada Loans, provided to customers, have increased by 2.2% (2012 increased by 1.7%). This is in line with the company's ongoing customer support strategy. Amounts owed to the parent company are shown in note 15 on page 20.

The £5 million refurbishment of the customer facilities into a state of the art technical centre referred to in the prior year report was substantially complete by the year end. A series of customer exhibitions are planned in 2014 to showcase the facility with the aim of generating sales and further strengthening the company's market position.

No significant events occurred after the balance sheet date that would have a significant effect on the company's financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company trades in a very competitive industry and the key risks are maintaining market share and the retention of skilled employees. The Company maintains its competitive status by introducing new products and providing market leading support. The Company recruits and seeks to retain the most talented people by supporting them to expand their skills and capabilities.

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. The directors consider that the carrying value of trade receivables represents their recoverable amount.

While the majority of sales are in Sterling, purchases are primarily in Euros. Due to the current instability in exchange rates, this is now viewed as an area of greater risk. To minimise the exposure to exchange rate fluctuations, currency rates are constantly reviewed and price lists are adjusted accordingly.

AMADA UNITED KINGDOM LIMITED

STRATEGIC REPORT (Continued)

KEY PERFORMANCE INDICATORS

The Company produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators ("KPI's") are an integral part of this process. The monthly management reporting and accounts focus on the actual performance of the business compared to the budget set for the current financial year and the comparable period of the previous financial year.

The table below sets out the key KPI's:

KPI	2013	2012
Turnover growth	5.7%	2.9%
Gross profit percentage	32.0%	36.7%
Overhead costs percentage (*)	25.4%	26.5%
Operating profit percentage	6.9%	11.4%
Return on sales (*2)	12.0%	17.4%
Revenue per employee (£'000)	260.3	262.9
Profit before tax per employee (£'000)	31.1	45.8

* - Overhead costs being defined as the sum of distribution costs and administrative expenses.

*2 – Return on sales being calculated as profit on ordinary activities before taxation divided by turnover.

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



A. Parrott

Director

11 August 2014

AMADA UNITED KINGDOM LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

FUTURE PROSPECTS

Amada UK has set a conservative budget for 2014 in line with expected market growth but will still focus on engineering services and consumable sales to support customers. Financial strength and the Amada loan will be employed to overcome customer's credit shortage issues.

ENVIRONMENT

The Company recognises the importance of its environmental responsibilities. In all activities, working practices, and business relationships, the Company continually works towards protecting, conserving and enhancing all aspects of the environment. In order to achieve these objectives, the Company seeks to always meet the necessary regulatory requirements and continues to raise awareness of all employees to environmental issues.

The Company will always seek to minimize its impact on the environment through improving our energy efficiency, use of all energy sources, use of raw materials and recycling wherever possible.

EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 15.

The Company continues to invest in its engineering resources and in particular, the development of engineering staff for long term company growth.

All applications for employment are considered on the ability of the candidate to fulfil the requirements of the role, regardless of age, gender, sexual orientation, race or ethnic origin or disability.

Amada UK's policy is to inform and consult with its employees on relevant matters on a weekly, monthly and bi-annual basis through newsletters, governance meetings and companywide meetings.

FINANCIAL POSITION AND GOING CONCERN

Given the current economic climate the directors consider that the financial position of Amada UK at the end of the current year is satisfactory, with a strong balance sheet that provides a sound base for the Company to sustain its prosperity and progress in the short and long term. The Company does not rely on any form of external finance and has a strong cash position which is forecast to continue.

As previously stated the Company has set a conservative budget for the forthcoming year based on a reduced market and will focus heavily on customer support. As a result the directors believe that the Company is well positioned to manage the business and potential risks successfully and is confident that positive trading conditions will continue throughout the year despite the uncertainty of the current economic situation.

After making enquiries, the directors have a reasonable expectation that the Company has sufficient resources to continue its operational existence for a period of at least 12 months. Accordingly they continue to adopt the going concern basis in the preparation of the annual report and financial statements.

DIVIDENDS AND TRANSFERS TO RESERVES

A final proposed dividend of £2,370,545 (2012: £3,187,814) is recommended by the directors, which will be accounted for on payment in 2014. Retained profits are shown on page 21 and have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the Company during the financial year, and to the date of signing the financial statements were as follows:

Alan Parrott
Eiichi Yagi
Tomohiro Yano

None of the directors have any disclosable interests, as defined by the Companies Act 2006, in the shares or share options of the company or group.

AMADA UNITED KINGDOM LIMITED

DIRECTORS' REPORT (Continued)

AUDITOR

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

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

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

Deloitte LLP have expressed a willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



A. Parrott

Director

11 August 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 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 group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

We have audited the financial statements of Amada United Kingdom Limited for the year ended 31 December 2013 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Notes to the consolidated cash flow statement, the Reconciliation of net cash flow to movement in net funds and the related notes 1 to 24. 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).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.



Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

11 August 2014

AMADA UNITED KINGDOM LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	2	53,094,899	50,216,715
Cost of sales		(36,112,386)	(31,763,648)
Gross profit		16,982,513	18,453,067
Distribution costs		3,505,394	3,512,443
Administrative expenses		9,986,282	9,804,344
Other operating income	4	(169,647)	(591,037)
		13,322,029	12,725,750
OPERATING PROFIT		3,660,484	5,727,317
Interest receivable and similar income	5	2,684,536	3,026,534
Interest payable and similar charges	6	(102)	(284)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	6,344,918	8,753,567
Tax on profit on ordinary activities	9	(1,603,828)	(2,377,938)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19	4,741,090	6,375,629

All activities derive from continuing operations.

AMADA UNITED KINGDOM LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2013

	2013 £	2012 £
Profit for the financial year	4,741,090	6,375,629
Currency translation differences on foreign currency net investments	(2,084,060)	(1,212,388)
Total recognised gains and losses in the year	<u>2,657,030</u>	<u>5,163,241</u>

AMADA UNITED KINGDOM LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	11	5,960,798		1,054,944	
Intangible assets	12	129,032		-	
Goodwill		28,459		27,745	
			6,118,289		1,082,689
CURRENT ASSETS					
Stocks	14	19,290,272		26,357,400	
Debtors due within one year	15	27,654,164		24,158,971	
Debtors due after more than one year	15	26,381,864		25,842,521	
Cash at bank and in hand		12,223,533		7,624,796	
Short term investments		6,720,026		16,075,225	
		92,269,859		100,058,913	
CREDITORS: amounts falling due within one year	16	(17,416,901)		(19,639,571)	
NET CURRENT ASSETS			74,852,958		80,419,342
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			80,971,247		81,502,031
CAPITAL AND RESERVES					
Called up share capital	18		2,606,000		2,606,000
Profit and loss account	19		78,365,247		78,896,031
SHAREHOLDERS' FUNDS	19		80,971,247		81,502,031

The Board of Directors approved and authorised for issue the financial statements of Amada United Kingdom Limited, registered number 1063206 on 11 August 2014.

Signed on behalf of the Board of Directors



A. Parrott
Director

AMADA UNITED KINGDOM LIMITED

COMPANY BALANCE SHEET 31 December 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	11	5,960,798		1,054,944	
Intangible Assets	12	129,032		-	
Goodwill		28,459		27,745	
Investments	13	200		200	
			6,118,489		1,082,889
CURRENT ASSETS					
Stocks	14	19,290,272		26,357,400	
Debtors due within one year	15	27,654,164		24,158,971	
Debtors due after more than one year	15	26,381,864		25,842,521	
Cash at bank and in hand		12,223,533		7,624,796	
Short term investments		6,720,026		16,075,225	
		92,269,859		100,058,913	
CREDITORS: amounts falling due within one year	16	(17,530,391)		(19,753,061)	
NET CURRENT ASSETS			74,739,468		80,305,852
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			80,857,957		81,388,741
CAPITAL AND RESERVES					
Called up share capital	18		2,606,000		2,606,000
Profit and loss account	19		78,251,957		78,782,741
SHAREHOLDERS' FUNDS	20		80,857,957		81,388,741

The Board of Directors approved and authorised for issue the financial statements of Amada United Kingdom Limited, registered number 1063206 on 11 August 2014.

Signed on behalf of the Board of Directors



A. Parrott
Director

AMADA UNITED KINGDOM LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2013

	Note	2013 £	2012 £
Cash flow from operating activities	(i)	4,761,845	(3,833,495)
Returns on investments and servicing of finance	(ii)	2,684,434	3,026,250
Taxation		(1,767,214)	(3,049,425)
Capital expenditure and financial investment	(ii)	4,270,877	568,260
Acquisition of intangible assets		(129,116)	922
Equity dividends paid		<u>(3,187,814)</u>	<u>(3,691,037)</u>
Increase / (decrease) in cash in the year		<u>6,633,012</u>	<u>(6,978,525)</u>

Reconciliation of net cash flow to movement in net funds		2013 £	2012 £
Increase / (decrease) in cash in the year being change in net debt resulting from cash flows	(iii)	6,633,012	(6,978,525)
Foreign exchange translation difference	(iii)	<u>(2,034,275)</u>	<u>(1,190,578)</u>
Movement in net funds in the year		4,598,737	(8,169,103)
Net funds at 1 January		<u>7,624,796</u>	<u>15,793,899</u>
Net funds at 31 December		<u>12,223,533</u>	<u>7,624,796</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2013

(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2013 £	2012 £
Operating profit	3,660,484	5,727,317
Depreciation	131,152	681,329
Loss on sale of tangible fixed assets	(3,099)	(5,104)
Decrease/(increase) in stocks	7,067,128	(7,703,904)
Increase in debtors	(4,034,536)	(1,800,124)
Decrease in creditors	(2,059,284)	(733,009)
Net cash inflow / (outflow) from operating activities	4,761,845	(3,833,495)

(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	379,321	533,351
Interest paid	(102)	(13)
Interest element of finance lease rentals received	2,305,215	2,493,183
Interest element of finance lease rentals payments	-	(271)
Net cash inflow for returns on investments and servicing of finance	2,684,434	3,026,250
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(5,144,501)	(205,587)
Sale of tangible fixed assets	60,179	55,751
Sale/ (Purchase) of short term investments	9,355,199	718,096
Net cash inflow for capital expenditure and financial investment	4,270,877	568,260

(iii) ANALYSIS OF NET FUNDS

	At 1 Jan 2013 £	Cash Flow £	Exchange movement £	At 31 Dec 2013 £
Short Term Investments	16,075,225	(9,355,199)	-	6,720,026
Cash in hand and at bank	7,624,796	6,633,012	(2,034,275)	12,223,533

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below. These have been applied consistently in the current and preceding period.

Accounting convention

The financial statements are prepared under the historical cost convention and on the going concern basis as disclosed in the financial position and going concern section of the Directors Report.

Basis of consolidation

The group financial statements consolidate the accounts of the company and its subsidiaries. All companies make up their financial statements to the same date and profits arising on trading between the companies are excluded.

Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation and any impairment loss.

Depreciation is provided on all tangible fixed assets, other than freehold residential buildings as depreciation would not be material, at rates calculated to write off the cost less the estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold industrial / residential	2% per annum
Leasehold buildings	Over the term of the lease
Plant, machinery, fixtures and fittings	10 and 12.5% per annum
Motor vehicles	25% per annum

Investments

Investments are stated at cost less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises the invoice value of goods and services supplied by the company, exclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Finance leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Profit on equipment leased to customers under finance leases is released to the profit and loss account at the date the lease is assigned.

Other income and debtors include amounts receivable in respect of equipment leased to customers under finance leases. The related finance charges are recognised as income over the lease terms to give a constant rate of return.

Hire purchase

Profit on the sale of equipment sold under hire purchase contracts is taken at the date the goods are supplied. The hire purchase interest is released to profit and loss account on a reducing balance basis over the period of the agreement. Other income and debtors include amounts receivable in respect of equipment sold under hire purchase contracts. The related interest is recognised as income over the contract term to give a constant rate of return.

Operating leases

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the date.

The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Pension costs

The company operates a defined contribution scheme.

The cost of providing pensions is charged to the profit and loss account as the contributions are payable.

Finance costs

Finance costs of financial liabilities are recognised directly in the profit and loss account in the period in which they are incurred.

2. TURNOVER

Geographical analysis of turnover

	By origin		By destination	
	2013	2012	2013	2012
	£	£	£	£
United Kingdom	36,461,721	35,357,128	34,901,721	27,571,818
South Africa	8,823,763	8,118,579	8,823,763	8,118,579
Europe	7,809,415	6,741,008	9,369,415	14,520,327
Rest of World	-	-	-	5,991
	<u>53,094,899</u>	<u>50,216,715</u>	<u>53,094,899</u>	<u>50,216,715</u>

AMADA UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013 £	2012 £
Directors' emoluments		
Emoluments	188,492	173,198
Pension contributions	15,002	16,200
	<u>203,494</u>	<u>189,398</u>
Amounts attributable to the highest paid director		
Emoluments	188,492	173,198
Pension contributions	15,002	16,200
	<u>203,494</u>	<u>189,398</u>
	No.	No.
Number of directors who are members of a defined contribution pension scheme	<u>1</u>	<u>1</u>
Average number of persons employed		
Office and management	48	50
Sales, service and production	156	141
	<u>204</u>	<u>191</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	6,711,869	6,195,397
Social security costs	875,594	896,142
Other pension costs	270,795	230,544
	<u>7,858,258</u>	<u>7,322,083</u>

4. OTHER OPERATING INCOME

	2013 £	2012 £
Rental income	27,569	31,397
Other income	138,975	554,534
Profit on sale of fixed assets	3,103	5,106
	<u>169,647</u>	<u>591,037</u>

AMADA UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Income from finance leases	-	15,490
Income from hire purchase	2,305,215	2,477,693
Interest receivable	379,321	533,351
	<u>2,684,536</u>	<u>3,026,534</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £	2012 £
Bank interest	102	13
Finance charges	-	271
	<u>102</u>	<u>284</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £	2012 £
This is after charging:		
Rentals under operating leases		
Land and buildings	359,980	335,782
Other operating leases	540,239	527,513
Depreciation		
Owned assets	130,472	680,649
Leased assets	680	680
Auditors' remuneration		
Fees payable to the Company's Auditors for the audit of the annual financial statements	35,500	33,810
Fees payable to the Company's Auditors for other services:		
Other Services- Review work		-
Review services	25,700	6,600
Tax services	45,000	24,934
Foreign exchange losses	1,123,647	218,281
	<u>1,123,647</u>	<u>218,281</u>

8. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:	2013 £	2012 £
Final dividend for the year ended 31 December 2011 (£141.62 per ordinary share)		3,691,037
Final dividend for the year ended 31 December 2012 (£122.33 per ordinary share)	3,187,814	
	<u>3,187,814</u>	<u>3,691,037</u>

The proposed final dividend of £2,370,545 (£90.96 per ordinary share) is subject to approval by the shareholder at the Annual General Meeting and has not been included under FRS 21 as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities:

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.25% (2012 – 24.5%) based on the profit for the year	1,474,757	2,311,752
Adjustment relating to prior year	(18,267)	(56,471)
Double taxation relief	(366,783)	(484,126)
	<u>1,089,707</u>	<u>1,771,155</u>
Foreign tax for current period	470,919	609,284
	<u>1,560,626</u>	<u>2,380,439</u>
Deferred tax		
Timing differences, origination and reversal	42,069	4,264
Adjustment in respect of prior years	(849)	(8,013)
Effect of change in tax rate	1,982	1,248
	<u>43,202</u>	<u>(2,501)</u>
Total Tax Charge	<u><u>1,603,828</u></u>	<u><u>2,377,938</u></u>

(ii) Factors affecting tax charge for the current period:

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax of 23.25% (2012 – 24.5%)

	2013 £	2012 £
The differences are explained below		
Profit on ordinary activities before tax	6,344,918	8,753,567
Tax at 23.25% (2012 – 24.5%) thereon	1,475,193	2,144,624
Expenses not deductible for tax purposes	48,462	169,815
Fixed asset timing differences	(48,293)	2,976
Movement in short term timing differences	(605)	(8,164)
Unrelieved foreign taxes	104,136	125,158
Prior period adjustments	(18,267)	(56,471)
	<u><u>1,560,626</u></u>	<u><u>2,377,938</u></u>

The Finance Act 2012 was enacted on 17 July 2012 and included provisions which reduced the main rate of UK Corporation Tax to 24% from 1 April 2012 and 23% from 1 April 2013.

Current tax has therefore been calculated at 23.25%, a blended rate of 24% up to 1 April 2013 and 23% thereafter. The Finance Act 2013 which provided for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013.

These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

10. PROFIT OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £4,741,090 (2012: £6,375,629).

11. TANGIBLE FIXED ASSETS

a) Group and Company

	Land and buildings					
	Freehold industrial £	Freehold residential £	Long and short leasehold £	Plant and Machinery £	Fixtures, fittings, equipment and motor vehicles £	Total £
Cost						
At 1 January 2013	92,893	450,122	74,748	1,018,999	441,939	2,078,701
Additions	-	4,987,429	-	153,388	3,684	5,144,501
Disposals	-	-	-	(96,257)	(364)	(96,621)
Foreign exchange translation difference	-	-	-	(80,636)	(11,358)	(91,994)
At 31 December 2013	92,893	5,437,551	74,748	995,494	433,901	7,034,587
Depreciation						
At 1 January 2013	3,686	-	70,953	574,166	374,952	1,023,757
Charge for the year	-	-	680	108,165	22,307	131,152
Disposals	-	-	-	(36,347)	(95)	(36,442)
Foreign exchange translation difference	-	-	-	(43,858)	(820)	(44,678)
At 31 December 2013	3,686	-	71,633	602,126	396,344	1,073,789
Net book value						
At 31 December 2013	89,207	5,437,551	3,115	393,368	37,557	5,960,798
At 31 December 2012	89,207	450,122	3,795	444,833	66,987	1,054,944

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

b) Group and Company

The value of freehold land not depreciated is £119,407 (2012: £119,407).

The net book value of short leasehold property included above is £3,115 (2012: £3,795).

12. INTANGIBLE ASSETS

The intangible assets added in the current year relate to the purchase of the rights to distribute Amada products in Spain from Amada Italia s.r.l for a consideration of €160,000.

13. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in subsidiary undertakings £
Cost and net book value	
At 1 January 2013 and 31 December 2013	200

The subsidiaries are Amada Midlands Limited and Amada Essex Limited, companies registered in England and Wales. Both subsidiaries are 100% owned. The principal activity of both companies was the franchise of Amada Group Products. The companies ceased trading in April 2001 and are now dormant.

14. STOCKS

	Group and Company 2013 £	2012 £
Finished goods and goods for resale	19,290,272	26,357,400

There is no material difference between the balance sheet value of stock and their replacement cost.

15. DEBTORS

	Group 2013 £	2012 £	Company 2013 £	2012 £
Due within one year:				
Amounts receivable under finance leases and hire purchase agreements	11,115,717	10,847,545	11,115,717	10,847,545
Trade debtors	15,933,375	12,634,449	15,933,375	12,634,449
Amounts owed by group and related companies	5,080	10,850	5,080	10,850
Deferred taxation (note 17)	21,489	14,356	21,489	14,356
Other debtors	185,572	281,464	185,572	281,464
Prepayments	392,931	370,307	392,931	370,307
	<u>27,654,164</u>	<u>24,158,971</u>	<u>27,654,164</u>	<u>24,158,971</u>
Due after more than one year:				
Amount receivable under finance leases and hire purchase agreements	<u>26,381,864</u>	<u>25,842,521</u>	<u>26,381,864</u>	<u>25,842,521</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Payments on account	514,010	375,274	514,010	375,274
Trade creditors	2,188,023	1,365,880	2,188,023	1,365,880
Amount owed to parent company	5,240,393	8,226,250	5,240,393	8,226,250
Amount owed to subsidiary company	-	-	113,490	113,490
Amount owed to other group companies	2,419,762	3,752,316	2,419,762	3,752,316
Deferred taxation (note 17)	50,335	-	50,335	-
UK corporation tax payable	385,704	549,090	385,704	549,090
Other taxes and social security	452,673	674,443	452,673	674,443
Other creditors	2,190,716	2,086,285	2,190,716	2,086,285
Accruals and deferred income	3,975,285	2,610,033	3,975,285	2,610,033
	<u>17,416,901</u>	<u>19,639,571</u>	<u>17,530,391</u>	<u>19,753,061</u>

17. DEFERRED TAXATION

Deferred taxation

	Group and Company	
	2013	2012
	£	£
a) Movement on deferred taxation balance in the year		
Opening balance	(14,356)	(11,855)
Charge to profit and loss account	43,202	(2,501)
Closing balance	<u>28,846</u>	<u>(14,356)</u>

	Group and Company	
	2013	2012
	£	£
b) Analysis of deferred tax balance		
Capital allowance in excess of depreciation	34,340	(8,346)
Short term timing differences	(5,494)	(6,010)
	<u>28,846</u>	<u>(14,356)</u>

The company has no un-provided deferred taxation assets or liabilities at either the current or previous year end.

18. CALLED UP SHARE CAPITAL

	Group and Company	
	2013	2012
	£	£
Allotted and fully paid		
26,060 Ordinary shares of £100 each	<u>2,606,000</u>	<u>2,606,000</u>

AMADA UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

19. PROFIT AND LOSS ACCOUNT

	Group £	Company £
At 1 January 2013	78,896,031	78,782,741
Profit for the year	4,741,090	4,741,090
Dividend	(3,187,814)	(3,187,814)
Loss on foreign exchange conversion	(2,084,060)	(2,084,060)
At 31 December 2013	<u>78,365,247</u>	<u>78,251,957</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2013 £	2012 £
Profit for the financial year	4,741,090	6,375,629
Dividends	(3,187,814)	(3,691,037)
	<u>1,553,276</u>	<u>2,684,592</u>
Other recognised gains and losses relating to the year	(2,084,060)	(1,212,388)
Net (reduction) / addition to shareholders' funds	(530,784)	1,472,204
Opening shareholders' funds	<u>81,502,031</u>	<u>80,029,827</u>
Closing shareholders' funds	<u>80,971,247</u>	<u>81,502,031</u>

	Company 2013 £	2012 £
Profit for the financial year	4,741,090	6,375,629
Dividends	(3,187,814)	(3,691,037)
	<u>1,553,276</u>	<u>2,684,592</u>
Other recognised gains and losses relating to the year	(2,084,060)	(1,212,388)
Net (reduction) / addition to shareholders' funds	(530,784)	1,472,204
Opening shareholders' funds	<u>81,388,741</u>	<u>79,916,537</u>
Closing shareholders' funds	<u>80,857,957</u>	<u>81,388,741</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2013

21. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2013 (2012 - £nil).

Operating lease commitments

At 31 December the company was committed to making the following payments during the next year in respect of operating leases:

	Group and Company			
	2013		2012	
	Equipment and motor vehicles £	Land and buildings £	Equipment and motor vehicles £	Land and buildings £
Leases which expire:				
Within one year	185,949	-	61,997	-
Within two to five years	208,344	194,590	369,591	237,200
	<u>394,293</u>	<u>194,590</u>	<u>431,588</u>	<u>237,200</u>

22. CONTINGENT LIABILITIES

	Group and Company	
	2013 £	2012 £
Indemnities to bank for guarantees in the UK	80,000	80,000
Indemnities to Development Contractor	1,200,000	1,200,000

23. PENSION SCHEMES

The company operates a defined contribution 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 £270,795 (2012: £230,544). At 31 December 2013 there was a pension accrual amounting to £21,463 (2012: £26,927).

24. ULTIMATE PARENT COMPANY AND RELATED PARTY DISCLOSURES

Control

The immediate and ultimate parent company and controlling party is Amada Co. Ltd., a company incorporated in Japan. Copies of its financial statements are available from 200 Ishida, Isehara - shi, Kanagawa, 259-11, Japan.

The company has taken advantage of the exemption contained in FRS 8 ("Related Party Transactions") which allows it not to disclose transactions with wholly owned group entities or investees of group qualifying as related parties.