

Company Registration No. 01174902 (England and Wales)

**CITIZEN MACHINERY UK LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# CITIZEN MACHINERY UK LTD

## COMPANY INFORMATION

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<b>Directors</b>	E James D Wilkins J Hart H Kamata T Nagasawa
<b>Company number</b>	01174902
<b>Registered office</b>	1 Park Avenue Bushey WD23 2DA
<b>Auditor</b>	FMCB 3rd Floor Hathaway House Popes Drive Finchley London N3 1QF
<b>Business address</b>	1 Park Avenue Bushey WD23 2DA

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# **CITIZEN MACHINERY UK LTD**

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# CITIZEN MACHINERY UK LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report for the year ended 31 December 2018.

### **Fair review of the business**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The results, which exceeded forecast, reflect the sales success in the UK and most of our overseas territories. The Company is actively involved in advising and managing other Group Companies including Italy and France.

Our main focus in 2018 was to replace the lost Italian direct dealer business, which had become an independent company in 2017. That focus continued in 2018 and remains a focus in 2019.

We achieved this additional business level by both working more closely with our markets and adding additional markets, some of which came online in 2018. In addition we took advantage of a general growth in global component demand.

The outlook for the business in 2019 will be influenced by the incredible uncertainty surrounding Brexit and other political challenges, both in the UK and elsewhere. Our focus for 2019 is to maintain market share in the UK and to look towards our overseas territories to bolster our 2019 result.

### **Key performance indicators**

Key performance indicators used by the company include sales, gross profit percentage, expenses ratios and profit before tax percentages.

On behalf of the board



E James

Director

13/03/2019

# **CITIZEN MACHINERY UK LTD**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the company continued to be that of suppliers of CNC machinery.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E James  
D Wilkins  
J Hart  
H Kamata  
T Nagasawa

#### **Results and dividends**

The results for the year are set out on page 6.

A final dividend of £1,490,700 for the year ended 31 December 2017 was paid in the year. No interim dividend for the year ended 31 December 2018 has been paid.

#### **Financial instruments**

##### ***Liquidity risk***

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

##### ***Foreign currency risk***

The company's principal foreign currency exposures arise from trading with overseas companies. Foreign exchange forward contracts are used to manage this risk.

##### ***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that FMCB be reappointed as auditor of the company will be put at a General Meeting.

# CITIZEN MACHINERY UK LTD

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Statement of directors' responsibilities

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 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;
- 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.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



E James

Director

Date: 13/3/2019

# CITIZEN MACHINERY UK LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CITIZEN MACHINERY UK LTD

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#### Opinion

We have audited the financial statements of CITIZEN MACHINERY UK LTD (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 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 2018 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 UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

# CITIZEN MACHINERY UK LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CITIZEN MACHINERY UK LTD

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### 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 and the directors' report.

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.

### Responsibilities of directors

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, 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.

### 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.

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

FMCB

Gavin Zeiderman BA(Hons) FCA (Senior Statutory Auditor)  
for and on behalf of FMCB

13 March 2019

Chartered Accountants  
Statutory Auditor

3rd Floor Hathaway House  
Popes Drive  
Finchley  
London  
N3 1QF



# CITIZEN MACHINERY UK LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	43,706,861	38,626,694
Cost of sales		(34,390,865)	(30,700,172)
<b>Gross profit</b>		<b>9,315,996</b>	<b>7,926,522</b>
Administrative expenses		(6,048,983)	(5,675,554)
Other operating income		192,733	105,123
<b>Operating profit</b>	<b>4</b>	<b>3,459,746</b>	<b>2,356,091</b>
Interest receivable and similar income	7	10,015	446
Interest payable and similar expenses	8	(25,116)	(30,641)
<b>Profit before taxation</b>		<b>3,444,645</b>	<b>2,325,896</b>
Taxation	9	(671,175)	(462,521)
<b>Profit for the financial year</b>	<b>24</b>	<b>2,773,470</b>	<b>1,863,375</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# CITIZEN MACHINERY UK LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Goodwill	11		33,107		66,214
Tangible assets	12		4,174,472		3,835,364
			<u>4,207,579</u>		<u>3,901,578</u>
<b>Current assets</b>					
Stocks	14	2,964,296		1,851,018	
Debtors	15	12,718,771		8,855,476	
Cash at bank and in hand		2,570,690		7,124,569	
		<u>18,253,757</u>		<u>17,831,063</u>	
<b>Creditors: amounts falling due within one year</b>	16	(10,040,555)		(10,560,115)	
<b>Net current assets</b>			<u>8,213,202</u>		<u>7,270,948</u>
<b>Total assets less current liabilities</b>			<u>12,420,781</u>		<u>11,172,526</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(558,695)		(599,923)
<b>Provisions for liabilities</b>	21		(36,522)		(29,809)
<b>Net assets</b>			<u><u>11,825,564</u></u>		<u><u>10,542,794</u></u>
<b>Capital and reserves</b>					
Called up share capital	25		20,000		20,000
Share premium account			9,795		9,795
Revaluation reserve			724,119		724,119
Capital redemption reserve			81,000		81,000
Own shares			9,302		9,302
Profit and loss reserves	24		10,981,348		9,698,578
<b>Total equity</b>			<u><u>11,825,564</u></u>		<u><u>10,542,794</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13/3/2019 and are signed on its behalf by:



E James  
Director



J Hart  
Director

Company Registration No. 01174902

# CITIZEN MACHINERY UK LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Own shares £	Profit and loss reserves £	Total £
Balance at 1 January 2017		20,000	9,795	724,119	81,000	9,302	9,686,068	10,530,284
Year ended 31 December 2017:								
Profit and total comprehensive income for the year		-	-	-	-	-	1,863,375	1,863,375
Dividends	10	-	-	-	-	-	(1,850,865)	(1,850,865)
Balance at 31 December 2017		20,000	9,795	724,119	81,000	9,302	9,698,578	10,542,794
Year ended 31 December 2018:								
Profit and total comprehensive income for the year		-	-	-	-	-	2,773,470	2,773,470
Dividends	10	-	-	-	-	-	(1,490,700)	(1,490,700)
Balance at 31 December 2018		20,000	9,795	724,119	81,000	9,302	10,981,348	11,825,564

# **CITIZEN MACHINERY UK LTD**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies**

#### **Company information**

CITIZEN MACHINERY UK LTD is a company limited by shares incorporated in England and Wales (Company Registration No. 01174902). The registered office is 1 Park Avenue, Bushey, WD23 2DA.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared on the historical cost convention modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures.

#### **1.2 Going concern**

The directors consider the company has adequate resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue from the sale of goods is recognised when goods are delivered and legal title has passed. Revenue from the provision of services is recognised when those services have been performed.

#### **1.4 Intangible fixed assets - goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, is being amortised evenly over its estimated useful life of nine years.

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

(Continued)

##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% on cost
Land and buildings Leasehold	2% on cost
Fixtures, fittings & equipment	Between 5% to 10% on cost
Plant and machinery	Between 2% and 50% on cost
Computer equipment	33% on cost
Motor vehicles	16.66% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.6 Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered a material impairment loss. If a material impairment loss arises then it is recognised in the profit and loss account or against the revaluation reserve if the asset has been revalued.

##### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for impairment losses on obsolete and slow moving items. Impairment losses are recognised in the profit or loss.

##### 1.8 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and section 12 'Other financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets include debtors and cash and bank balances.

Debtors and cash and bank balances which are basic financial assets are measured at transaction price less any impairment.

Debtors and cash and bank balances in foreign currencies are initially recorded at transaction price and subsequently at fair value less any impairment. Any changes in fair value are recognised in the profit or loss.

Financial assets are assessed for indicators of impairment at each reporting end date.

##### 1.9 Financial liabilities

Financial liabilities includes creditors and debt instruments.

Creditors and debt instruments which are basic financial liabilities are measured at transaction price.

Creditors and debt instruments in foreign currencies are initially recorded at transaction price and subsequently at fair value. Any changes in fair value are recognised in the profit or loss.

Forward exchange contracts are derivatives and are not basic financial instruments. They are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value. Changes in fair value are recognised in the profit or loss.

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.10 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### 1.11 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.12 Leases

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

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the relevant lease.

#### 1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Group companies	7,590,292	5,773,619
Other	36,116,569	32,853,075
	<u>43,706,861</u>	<u>38,626,694</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 3 Turnover and other revenue

(Continued)

	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	10,015	446
	<u>          </u>	<u>          </u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	17,940,431	16,970,734
Europe	23,249,587	18,188,346
Others	2,516,843	3,467,614
	<u>          </u>	<u>          </u>
	43,706,861	38,626,694
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2018 £	2017 £
Operating profit is stated after charging/(crediting):		
Exchange (gains)/losses	(307,876)	217,900
Fees payable to the company's auditor for the audit of the company's financial statements	25,000	23,500
Depreciation of owned tangible fixed assets	91,148	66,945
Depreciation of tangible fixed assets held under finance leases	16,271	27,962
Amortisation of intangible assets	33,107	33,107
Cost of stocks recognised as an expense	34,390,865	30,700,172
Operating lease charges	353,894	311,475
	<u>          </u>	<u>          </u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Office & management	17	17
Sales & installations	35	31
	<u>          </u>	<u>          </u>
	52	48
	<u>          </u>	<u>          </u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Employees

(Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,458,934	3,110,901
Social security costs	407,512	325,158
Pension costs	142,564	109,173
	<u>4,009,010</u>	<u>3,545,232</u>

### 6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	562,313	404,075
Company pension contributions to defined contribution schemes	18,863	15,108
	<u>581,176</u>	<u>419,183</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	213,200	159,539
Company pension contributions to defined contribution schemes	4,500	6,357
	<u>217,700</u>	<u>165,896</u>

### 7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	10,015	446
	<u>10,015</u>	<u>446</u>



# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 8 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	22,173	21,674
Interest on finance leases and hire purchase contracts	2,473	4,401
Other interest on financial liabilities	470	4,566
	<u>25,116</u>	<u>30,641</u>

### 9 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	664,462	457,490
	<u>664,462</u>	<u>457,490</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,713	5,031
	<u>6,713</u>	<u>5,031</u>
<b>Total tax charge</b>	<u>671,175</u>	<u>462,521</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	3,444,645	2,325,896
	<u>3,444,645</u>	<u>2,325,896</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	654,483	447,655
Tax effect of expenses that are not deductible in determining taxable profit	6,759	9,098
Change in unrecognised deferred tax assets	6,713	5,031
Permanent capital allowances in excess of depreciation	3,220	737
	<u>671,175</u>	<u>462,521</u>
<b>Taxation charge for the year</b>	<u>671,175</u>	<u>462,521</u>

### 10 Dividends

	2018 £	2017 £
Final paid	1,490,700	1,850,865
	<u>1,490,700</u>	<u>1,850,865</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	326,239
<b>Amortisation and impairment</b>	
At 1 January 2018	260,025
Amortisation charged for the year	33,107
At 31 December 2018	293,132
<b>Carrying amount</b>	
At 31 December 2018	33,107
At 31 December 2017	66,214

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 12 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
At 1 January 2018	3,222,153	645,841	272,299	373,654	319,807	41,477	4,875,231
Additions	358,175	-	23,017	9,338	83,648	-	474,178
Disposals	-	-	-	-	-	(41,477)	(41,477)
At 31 December 2018	3,580,328	645,841	295,316	382,992	403,455	-	5,307,932
<b>Depreciation and impairment</b>							
At 1 January 2018	227,577	16,000	170,764	345,135	268,293	12,098	1,039,867
Depreciation charged in the year	26,847	8,000	15,237	9,164	46,443	1,728	107,419
Eliminated in respect of disposals	-	-	-	-	-	(13,826)	(13,826)
At 31 December 2018	254,424	24,000	186,001	354,299	314,736	-	1,133,460
<b>Carrying amount</b>							
At 31 December 2018	3,325,904	621,841	109,315	28,693	88,719	-	4,174,472
At 31 December 2017	2,994,576	629,841	101,535	28,519	51,514	29,379	3,835,364

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 12 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	2018 £	2017 £
Long leasehold	621,841	629,841

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Motor vehicles	-	29,379
Computer equipment	-	17,331
	-	46,710
Depreciation charge for the year in respect of leased assets	16,271	27,962

Land and buildings with a carrying amount of £1,838,543 (2017 - £1,861,389) are included at their open market value as previously determined by an independent valuation. An independent valuation undertaken in 2015 confirmed to the directors that the value carried in the accounts had not materially changed and therefore no adjustment has been made in these financial statements.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	1,356,847	1,356,847
Accumulated depreciation	(242,424)	(219,577)
Carrying value	1,114,423	1,137,270

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	12,525,966	8,777,462
Instruments measured at fair value through profit or loss	115,422	-
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	-	21,371
Measured at amortised cost	9,810,979	9,845,356

### 14 Stocks

	2018 £	2017 £
Finished goods and goods for resale	2,964,296	1,851,018

### 15 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	9,564,982	7,408,504
Amounts owed by group undertakings	2,960,984	1,368,958
Derivative financial instruments	115,422	-
Prepayments and accrued income	77,383	78,014
	12,718,771	8,855,476

### 16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	47,340	45,915
Obligations under finance leases	19	514	46,249
Trade creditors		1,326,392	1,372,998
Amounts owed to group undertakings		5,726,134	6,172,558
Corporation tax		472,794	347,490
Other taxation and social security		315,477	945,821
Derivative financial instruments		-	21,371
Other creditors		827,230	527,080
Accruals and deferred income		1,324,674	1,080,633
		10,040,555	10,560,115

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	18	558,695	599,408
Obligations under finance leases	19	-	515
		<u>558,695</u>	<u>599,923</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	383,581	426,928
	<u>383,581</u>	<u>426,928</u>

### 18 Loans and overdrafts

	2018 £	2017 £
Bank loans	606,035	645,323
	<u>606,035</u>	<u>645,323</u>
Payable within one year	47,340	45,915
Payable after one year	558,695	599,408
	<u>558,695</u>	<u>599,408</u>

The long-term loans are secured by fixed charges over a freehold property and the company's leasehold properties. The loans are due for repayment in 2031. Interest is charged at 3% over Base Rate with capital repayments over the term of the loan. The company has the right to make additional repayments at any time.

### 19 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	572	48,696
In two to five years	-	572
	<u>572</u>	<u>49,268</u>
Less: future finance charges	(58)	(2,504)
	<u>514</u>	<u>46,764</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Operating lease commitments

#### Lessee

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

	2018 £	2017 £
Within one year	202,716	224,100
Between two and five years	259,606	332,183
	<u>462,322</u>	<u>556,283</u>

### 21 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	22	<u>36,522</u>	<u>29,809</u>

### 22 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Accelerated Capital Allowances	<u>36,522</u>	<u>29,809</u>
<b>Movements in the year:</b>		2018 £
Liability at 1 January 2018		29,809
Charge to profit or loss		<u>6,713</u>
Liability at 31 December 2018		<u>36,522</u>

# CITIZEN MACHINERY UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 23 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	142,564	109,173

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 24 Profit and loss reserves

	2018 £	2017 £
At the beginning of the year	9,698,578	9,686,068
Profit for the year	2,773,470	1,863,375
Dividends	(1,490,700)	(1,850,865)
At the end of the year	10,981,348	9,698,578

### 25 Share capital

	2018 £	2017 £
<b>Ordinary share capital Issued and fully paid</b>		
200,000 Ordinary share of 10p each	20,000	20,000
	20,000	20,000

### 26 Related party transactions

The remuneration of key management personnel is set out in note 6 to these financial statements.

#### Transactions with related parties

The company has applied Section 33.1A of FRS 102: Related Party Disclosures, which enable it to exclude disclosure of transactions with Citizen Machinery Co., Ltd and its wholly owned subsidiaries.

### 27 Controlling party

Citizen Machinery Co., Ltd., a company incorporated in Japan, is the parent company of Citizen Machinery UK Ltd. Citizen Watch Co., Ltd., a company also incorporated in Japan, is the ultimate parent company of Citizen Machinery UK Ltd.

Group accounts are available to the public at [www.citizen.co.jp/global/ir/library/annual\\_report.html](http://www.citizen.co.jp/global/ir/library/annual_report.html).