

Chugoku Paints (UK) Limited

Directors' report and financial statements  
for the year ended 31 December 2017

Registered Number 01688185

THURSDAY



\*A7EXØPH7\*

A28

20/09/2018

#16

COMPANIES HOUSE



# Chugoku Paints (UK) Limited

## Company information

Directors	P Cain N Kunihiro K Akiyama (appointed 1 June 2017)
Registered number	01688185 (England)
Registered office	Godliman House 21 Godliman Street London EC4V 5BD
Independent Auditors:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square, 29 Wellington Street Leeds LS1 4DL

# Chugoku Paints (UK) Limited

## Contents

Directors' report for the year ended 31 December 2017 .....	4
Independent auditors' report to the members of Chugoku Paints (UK) Limited.....	6
Income statement for the year ended 31 December 2017.....	9
Statement of Comprehensive Income for the year ended 31 December 2017.....	10
Statement of Financial Position as at 31 December 2017.....	11
Statement of Changes in Equity for the year ended 31 December 2017 .....	12
Notes to the financial statements for the year ended 31 December 2017 .....	13



# Chugoku Paints (UK) Limited

## Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Principal activity

The company's principal activity is the sale of specialist marine paints to ship owners in the worldwide market. The company is a subsidiary of the worldwide network of Chugoku Marine Paints Limited, a company registered in Japan.

Chugoku Paints (UK) Limited acts as a sales agent for Chugoku Paints BV, the company's Dutch parent, under an agreement dated 1 July 2003. Chugoku Paints (UK) Limited thereby receives a commission, recognised as turnover in these financial statements, based on a profit sharing arrangement as set out in the agreement.

The company will continue to act as a sales agent for the foreseeable future.

# Chugoku Paints (UK) Limited

## Directors' report for the year ended 31 December 2017 (continued)

### Principal activity

The company's principal activity is the sale of specialist marine paints to ship owners in the worldwide market. The company is a subsidiary of the worldwide network of Chugoku Marine Paints Limited, a company registered in Japan.

Chugoku Paints (UK) Limited acts as a sales agent for Chugoku Paints BV, the company's Dutch parent, under an agreement dated 1 July 2003. Chugoku Paints (UK) Limited thereby receives a commission, recognised as turnover in these financial statements, based on a profit sharing arrangement as set out in the agreement.

The company will continue to act as a sales agent for the foreseeable future.

### Results and dividends

The profit for the financial year amounted to £25,859 (2016 - £26,864). The directors consider the result for the year to be satisfactory.

The directors do not recommend the payment of a dividend (2016: £Nil).

### Directors

The directors who served during the year were:

P Cain

K Akiyama (appointed 1 June 2017)

N Kunihiro

K Date (resigned 31 May 2017)

### Small companies provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15, Section 415(A) and 414(B) of the Companies Act 2006.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 September 2018 and signed on its behalf.



N Kunihiro  
Director

# Chugoku Paints (UK) Limited

## *Independent auditors' report to the members of Chugoku Paints (UK) Limited*

### **Report on the audit of the financial statements**

---

#### **Opinion**

In our opinion, Chugoku Paints (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the directors' report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### **Conclusions relating to going concern**

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

---

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

# Chugoku Paints (UK) Limited

## ***Independent auditors' report to the members of Chugoku Paints (UK) Limited (continued)***

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the directors' report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

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

---

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

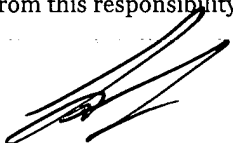
# Chugoku Paints (UK) Limited

## ***Independent auditors' report to the members of Chugoku Paints (UK) Limited (continued)***

---

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Christopher Neale (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
➤ September 2018



# Chugoku Paints (UK) Limited

## Income statement for the year ended 31 December 2017

	Note	2017 £	2016 £
<b>Turnover</b>	4	<b>1,316,500</b>	<b>1,295,000</b>
<b>Gross profit</b>		<b>1,316,500</b>	<b>1,295,000</b>
Administrative expenses		(1,254,776)	(1,242,713)
<b>Operating profit</b>	5	<b>61,724</b>	<b>52,287</b>
Interest receivable and similar income	8	6,000	4,000
Interest payable and similar expenses	9	(386)	(83)
<b>Profit before taxation</b>		<b>67,338</b>	<b>56,204</b>
Tax on profit	10	(41,479)	(29,340)
<b>Profit for the financial year</b>		<b>25,859</b>	<b>26,864</b>

The notes on page 13 to 25 form part of these financial statements.

# Chugoku Paints (UK) Limited

## Statement of Comprehensive Income for the year ended 31 December 2017

	2017 £	2016 £
Profit for the financial year	25,859	26,864
Other comprehensive income		
Actuarial gain on defined benefit schemes	57,238	30,000
Movement of deferred tax relating to pension deficit	(9,207)	(5,400)
Total other comprehensive income	48,031	24,600
<b>Total comprehensive income for the year</b>	<b>73,890</b>	<b>51,464</b>

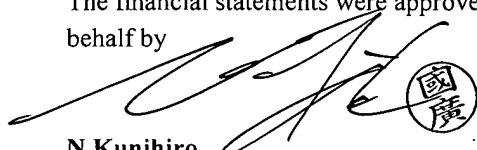
# Chugoku Paints (UK) Limited

## Statement of Financial Position as at 31 December 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	11		3,946		8,688
<b>Current assets</b>			3,946		8,688
Debtors	12	1,313,180		1,271,199	
Cash at bank and in hand	13	10,821		46,775	
		1,324,001		1,317,974	
<b>Creditors: amounts falling due within one year</b>	14	(156,270)		(188,082)	
<b>Net current assets</b>			1,167,731		1,129,892
<b>Total assets less current liabilities</b>			1,171,677		1,138,580
<b>Provisions for liabilities</b>					
Deferred taxation		(55,670)		(46,463)	
Defined benefit pension scheme asset	16	293,000		243,000	
			237,330		196,537
<b>Net assets</b>			1,409,007		1,335,117
<b>Capital and reserves</b>					
Called-up share capital	15		1,000,000		1,000,000
Profit and loss account			409,007		335,117
<b>Total equity</b>			1,409,007		1,335,117

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 17 September 2018 and signed on its behalf by



**N Kunihiro**  
Director

The notes on pages 13 to 25 form part of these financial statements.

## Chugoku Paints (UK) Limited

### Statement of Changes in Equity for the year ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	1,000,000	335,117	1,335,117
Profit for the financial year	-	25,859	25,859
Other comprehensive income	-	48,031	48,031
Total comprehensive income for the year	-	73,890	73,890
At 31 December 2017	1,000,000	409,007	1,409,007

The notes on pages 13 to 25 form part of these financial statements.

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017

### 1. General information

The company's principal activity is the sale of specialist marine paints to ship owners in the worldwide market. The company is a subsidiary of the worldwide network of Chugoku Marine Paints Limited, a company registered in Japan. The address of the registered office is Tokyo Club Building, 2-6, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, 100-0013, Japan.

Chugoku Paints (UK) Limited is a private company limited by shares, incorporated and domiciled in England and Wales, United Kingdom. Chugoku Paints (UK) Limited acts as a sales agent for Chugoku Paints BV, the company's Dutch parent, under an agreement dated 1 July 2003. Chugoku Paints (UK) Limited thereby receives a commission, recognised as turnover in these financial statements, based on a profit sharing arrangement as set out in the agreement.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006 consistently.

The preparation of financial statements in compliance with FRS 101 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 101 -reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### 2.3 Going concern

The financial statements which have been prepared on a going concern basis, after making appropriate enquiries, including a review of forecasts, budgets and banking facilities, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 2. Accounting policies (continued)

#### 2.4 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognized.

Chugoku Paints (UK) Limited acts as a sales agent for Chugoku Paints B.V, the Netherlands under an agreement dated 1 July 2003. Chugoku Paints (UK) Limited thereby receives a commission recognised as turnover in these financial statements based on a profit sharing arrangement as set out in the agreement.

#### 2.5 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:

Fixtures and fittings	10 – 20%
Computer equipment	20-50%

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 the Income statement.

#### 2.6 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.

#### 2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

# **Chugoku Paints (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **2. Accounting policies (continued)**

#### **2.8 Financial instruments**

The company's financial instruments comprise cash at bank, currency account balances held with the parent undertaking and trade payables. Within the scope of IAS 39, these financial instruments are classified as loans and receivables, and non-derivative and are measured at fair value through profit and loss. Loans and receivable financial instruments are initially recognised at fair value, net of transaction costs incurred and are subsequently held at amortised cost.

#### **2.9 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **2.10 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 the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **2.11 Finance costs**

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 2. Accounting policies (continued)

#### 2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Income statement 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 101 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.13 Pensions

The company participates in the 'Camrex Chugoku Limited Retirement Benefit Scheme' a defined benefit pension scheme for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds. The scheme is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary.

The regular service cost of providing retirement benefits to employees during the year is charged to operating profit in the year. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit in the year.

Income representing the expected return on assets of the scheme during the year is included within interest receivable/payable. This is based on the market value of the assets of the scheme at the start of the financial year. A cost representing the interest on the liabilities of the scheme during the year is included within interest receivable/payable. This arises from the liabilities of the scheme being one year closer to payment.

Differences between actual and expected returns on assets during the year are recognised in the statement of comprehensive income in the year, together with differences arising from changes in the assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities.

The company also participates in a defined contribution scheme for employees. The costs are included in the profit-and loss account during the period to which they relate.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 2.14 Interest income

Interest income is recognised in the Income statement using the effective interest method.



# **Chugoku Paints (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **2. Accounting policies (continued)**

#### **2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change 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 reporting 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 Statement of financial position 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 reporting date.

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### **a) Pension benefits**

The Company operates a defined benefit pension scheme. In producing an estimated year end position for the scheme the directors use a series of assumptions related to, for example, mortality, inflation and discount rates. In setting these assumptions the directors rely on advice given to them by the scheme actuary although the final decision as to what assumptions are to be used rests with the directors. Details of the assumptions used in the financial statements can be found in Note 16.

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 4. Turnover

	2017 £	2016 £
Commission income	1,316,500	1,295,000
	1,316,500	1,295,000

All turnover arose within the United Kingdom.

### 5. Operating profit

	2017 £	2016 £
The operating profit is stated after charging:		
Depreciation of tangible fixed assets	6,483	6,086
Defined contribution pension costs	46,938	43,520
Other operating lease payments	90,170	91,832

During the year, no director received any emoluments (2016: £nil).

### 6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

	2017 £	2016 £
Fees for the audit of the Company	16,200	15,725

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group financial statements of the parent company.

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 7. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	595,275	618,807
Social security costs	87,906	92,225
Other pension costs – cost of defined contribution scheme	46,938	43,520
	730,119	754,552

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

	2017 No.	2016 No.
Sales and administration	10	11

### 8. Interest receivable and similar income

	2017 £	2016 £
Other interest receivable	6,000	4,000

### 9. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	386	83

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 10. Tax on profit

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	41,497	24,526
Adjustments in respect of previous periods	-	6,218
<b>Total current tax</b>	<b>41,497</b>	<b>30,744</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(1,404)
<b>Total deferred tax</b>	<b>-</b>	<b>(1,404)</b>
<b>Tax on profit</b>	<b>41,497</b>	<b>29,340</b>

#### Factors affecting taxation for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit before tax	67,338	56,204
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	13,636	11,241
Effects of:		
Expenses not deductible for tax purposes	27,861	13,275
Change in tax rates	-	(1,394)
Adjustments in respect of previous periods	-	6,218
<b>Total tax charge for the year</b>	<b>41,497</b>	<b>29,340</b>

#### Factors that may affect future tax charges

During 2016 changes to the UK main corporation tax rate were enacted. The tax rate has fallen to 19% in 2017 and will further fall to 17% in later years.

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 11. Tangible assets

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 January 2017	37,792	14,115	51,907
Additions	1,741	-	1,741
Disposals	(659)	-	(659)
<b>At 31 December 2017</b>	<b>38,874</b>	<b>14,115</b>	<b>52,989</b>
<b>Depreciation</b>			
At 1 January 2017	31,133	12,086	43,219
Charge for year on owned assets	5,593	890	6,483
Disposals	(659)	-	(659)
<b>At 31 December 2017</b>	<b>36,067</b>	<b>12,976</b>	<b>49,043</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>2,807</b>	<b>1,139</b>	<b>3,946</b>
At 31 December 2016	6,659	2,029	8,688

### 12. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	1,260,658	1,221,904
Other debtors	7,521	13,918
Prepayments and accrued income	45,001	35,377
	<b>1,313,180</b>	<b>1,271,199</b>

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

### 13. Cash at bank and in hand

	2017 £	2016 £
Cash at bank and in hand	10,821	46,775

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 14. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,248	15,757
Corporation tax	6,296	24,526
Taxation and social security	61,013	49,159
Accruals and deferred income	79,713	98,640
	156,270	188,082

### 15. Called up share capital

	2017 £	2016 £
<b>Shares classed as equity</b>		
Allotted, called up and fully paid:		
1,000,000 (2016: 1,000,000) Ordinary shares of £1 each	1,000,000	1,000,000

### 16. Pension commitments

The company operates a defined contribution scheme and participates in the 'Camrex Chugoku Limited Retirement Benefit Scheme', a defined benefit pension scheme operated by Scottish Widows. The Scheme was closed to future accruals on 31 December 2008.

An actuarial valuation for FRS 101 purposes was carried out at 31 December 2017 using the projected unit method by Scottish Widows.

The major assumptions used by the actuary were:

	2017 %	2016 %
Inflation (CPI)	2.3	2.3
Inflation (RPI)	3.3	3.3
Rate of increase in salaries	2.3	2.3
Rate of increase for pensions	3.1	3.1
Discount rate for liabilities	2.4	2.6

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 16. Pension commitments (continued)

The mortality assumptions used were as follows:

	2017 years	2016 years
Longevity at age 65 for current pensioners:		
Men	17.3	17.3
Women	21.7	21.7
Longevity at age 65 for future pensioners aged 45:		
Men	17.3	17.3
Women	21.7	21.7

The scheme invests in with-profits deferred annuity contracts, the underlying assets of which and the expected rates of return were:

	2017 £	2016 £
Total market value of assets	4,030,000	3,899,000
Present value of scheme liabilities	(3,737,000)	(3,656,000)
Surplus in scheme	293,000	243,000
Deferred tax liability	(55,670)	(46,200)
Net pension asset	237,330	196,800

The movement in the present value of the defined benefit obligation over the year is as follows:

	2017 £	2016 £
Opening defined benefit obligation	3,656,000	3,015,000
Interest cost	94,000	116,000
Actuarial gains recognised in the year	93,000	627,000
Benefits paid	(106,000)	(102,000)
Closing defined benefit obligation	3,737,000	3,656,000

# Chugoku Paints (UK) Limited

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 16. Pension commitments (continued)

The movement in the fair value of plan assets over the year is as follows:

	2017 £	2016 £
Opening fair value of plan assets	3,899,000	3,219,000
Interest income	100,000	124,000
Contributions paid	10,000	10,000
Actuarial gains/(losses) recognised in the year	127,000	648,000
Benefits paid	(106,000)	(102,000)
Closing fair value of plan assets	4,030,000	3,899,000

The amounts recognised in the profit and loss account are as follows:

	2017 £	2016 £
Interest income	6,000	4,000
Total defined benefit income	6,000	4,000

The current service cost for the year ended 31 December 2017 is nil (2016: £Nil) because there is no further accrual of benefits under the scheme and the expenses incurred for running the scheme are met by the company. The employer expects to contribute £10,000 (2017: £10,000) to the defined benefit pension plan in the year to 31 December 2018.

### 17. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than one year	14,203	89,246
Later than one year and not later than five years	14,004	43,022
	28,207	132,268



# **Chugoku Paints (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

### **18. Controlling party**

The immediate parent undertaking, ultimate parent undertaking and controlling party is Chugoku Marine Paints Limited, a company incorporated in Japan. Chugoku Marine Paints Limited is also the only company to consolidate these financial statements. Copies of the ultimate parent company's financial statements may be obtained from Tokyo Club Building, 2-6, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, 100-0013, Japan.