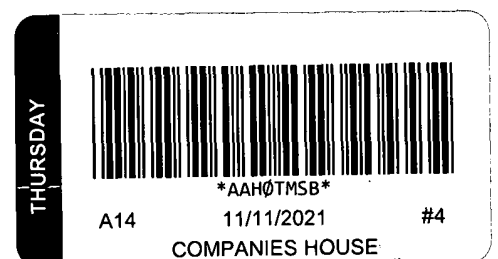


Company registration number: 01688185

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020**

**CHUGOKU PAINTS (UK)  
LIMITED**

**MENZIES**  
BRIGHTER THINKING



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# CHUGOKU PAINTS (UK) LIMITED

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## COMPANY INFORMATION

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**Directors**

K Akiyama  
P Cain  
K Kobayashi

**Registered number**

01688185

**Registered office**

Godliman House  
21 Godliman Street  
London  
EC4V 5BD

**Independent auditors**

Menzies LLP  
Chartered Accountants & Statutory Auditor  
Victoria House  
50-58 Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

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# CHUGOKU PAINTS (UK) LIMITED

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# CHUGOKU PAINTS (UK) LIMITED

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their report and the financial statements for the year ended 31 December 2020.

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors**

The directors who served during the year were:

K Akiyama  
P Cain  
K Kobayashi

### **Disclosure of Information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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# CHUGOKU PAINTS (UK) LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

### Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

  
K Aklyama  
Director

Date: 9. Nov. 2021

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# CHUGOKU PAINTS (UK) LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHUGOKU PAINTS (UK) LIMITED

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### Opinion

We have audited the financial statements of Chugoku Paints (UK) Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 2020 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### 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 Auditors' 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.

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# CHUGOKU PAINTS (UK) LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHUGOKU PAINTS (UK) LIMITED (CONTINUED)

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### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 1, 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.

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# CHUGOKU PAINTS (UK) LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHUGOKU PAINTS (UK) LIMITED (CONTINUED)

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### 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.

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

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including UK Companies Act, employment law, health and safety, pensions legislation and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with legal and regulatory frameworks by: making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgments made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, in particular any unusual journal entries posted.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - timing of revenue recognition;
  - posting of unusual journals and complex transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



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# CHUGOKU PAINTS (UK) LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHUGOKU PAINTS (UK) LIMITED (CONTINUED)

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### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

DocuSigned by:

*Roberto Lobue*

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Roberto Lobue FCA (Senior statutory auditor)

for and on behalf of  
**Menzies LLP**

Chartered Accountants  
Statutory Auditor

Victoria House  
50-58 Victoria Road  
Farnborough  
Hampshire  
GU14 7PG

Date: 09-Nov-2021

# CHUGOKU PAINTS (UK) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	1,252,500	1,477,000
<b>Gross profit</b>		<b>1,252,500</b>	<b>1,477,000</b>
Administrative expenses		(1,128,546)	(1,374,117)
<b>Operating profit</b>	5	<b>123,954</b>	<b>102,883</b>
Interest receivable and similar income		40	21
Interest payable and expenses		(23,371)	(28,036)
Other finance income	14	5,000	7,000
<b>Profit before tax</b>		<b>105,623</b>	<b>81,868</b>
Tax on profit	7	(23,905)	(1,905)
<b>Profit for the financial year</b>		<b>81,718</b>	<b>79,963</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain/(loss) on defined benefit schemes		173,000	(42,420)
Movements of deferred tax relating to pension deficit		(39,830)	(7,670)
		<b>133,170</b>	<b>(50,090)</b>
<b>Total comprehensive income for the year</b>		<b>214,888</b>	<b>29,873</b>

The notes on pages 10 to 22 form part of these financial statements.

# CHUGOKU PAINTS (UK) LIMITED

REGISTERED NUMBER:01688185

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	8	325,798	427,635
		<u>325,798</u>	<u>427,635</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	1,343,160	1,268,757
Cash at bank and in hand		113,830	78,815
		<u>1,456,990</u>	<u>1,347,572</u>
Creditors: amounts falling due within one year	10	(272,527)	(228,337)
<b>Net current assets</b>		<u>1,184,463</u>	<u>1,119,235</u>
<b>Total assets less current liabilities</b>		<u>1,510,261</u>	<u>1,546,870</u>
Creditors: amounts falling due after more than one year	11	(226,722)	(334,181)
		<u>1,283,539</u>	<u>1,212,689</u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	(80,186)	(39,224)
		<u>(80,186)</u>	<u>(39,224)</u>
<b>Net assets excluding pension asset</b>		<u>1,203,353</u>	<u>1,173,465</u>
Pension asset	14	412,000	227,000
<b>Net assets</b>		<u>1,615,353</u>	<u>1,400,465</u>
<b>Capital and reserves</b>			
Allotted, called up and fully paid share capital	13	1,000,000	1,000,000
Profit and loss account		615,353	400,465
		<u>1,615,353</u>	<u>1,400,465</u>

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 and authorised for issue by the board and were signed on its behalf by:

K Akiyama  
Director

Date:

9. Nov. 2021

The notes on pages 10 to 22 form part of these financial statements.

# CHUGOKU PAINTS (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2019</b>	<b>1,000,000</b>	<b>370,592</b>	<b>1,370,592</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	79,963	79,963
Actuarial losses on pension scheme	-	(50,090)	(50,090)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>29,873</b>	<b>29,873</b>
<b>At 1 January 2020</b>	<b>1,000,000</b>	<b>400,465</b>	<b>1,400,465</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	81,718	81,718
Actuarial gains on pension scheme	-	133,170	133,170
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>214,888</b>	<b>214,888</b>
<b>At 31 December 2020</b>	<b>1,000,000</b>	<b>615,353</b>	<b>1,615,353</b>

The notes on pages 10 to 22 form part of these financial statements.

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# CHUGOKU PAINTS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1. General information

Chugoku Paints (UK) Limited is private company limited by shares and is registered and incorporated in the United Kingdom. The registered office, which is the same as its principal place of business, is Godliman House, 21 Godliman Street, London, EC4V 5BD.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest pound sterling.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement 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

Although the COVID-19 virus did not have a negative impact on the entity's financial performance during the financial year, the implications on trade, transportation and production world-wide continue to impact the market and the risk for a recession remains into 2021 and beyond. Following review of forecasts, budgets and credit facilities, the directors have reasonable expectation to believe the company has adequate resources to continue in operation existence for the foreseeable future, and therefore continue to adopt the going concern basis in preparing the financial statements.

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# CHUGOKU PAINTS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2. Accounting policies (continued)

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

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

#### 2.5 Revenue

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

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.

IFRS15 supersedes IAS18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

IFRS15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The company has a single revenue stream which is the intercompany transfers of funds to cover expenses incurred while making sales on behalf of the parent company Chugoku Paints B.V., which represents our only contractual obligation to our parent. This revenue stream carries a single performance obligation, being the facilitation of sales in the UK market on behalf of the parent. Due to the straight forward nature of the company's revenue stream and performance obligations all of the revenue attributed to a contract is recognised at the point of intercompany funds, which is entirely consistent with how revenue was accounted for under IAS 18 and therefore the company presents no difference upon transition.

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# CHUGOKU PAINTS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2. Accounting policies (continued)

#### 2.6 Leased assets: the Company as lessee

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The company obtains substantially all the economic benefits from use of the asset; and
- (c) The company has the right to direct use of the asset.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases with a duration of 12 months or less.

Right of use assets are initially recognised at the present value of minimum lease payments due over the lease term, using an appropriate discount factor for the entity, a corresponding lease liability is recognised. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

#### 2.7 Interest Income

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

#### 2.8 Pensions

##### Defined benefit pension plan

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 rate 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.

##### Defined contribution pension plan

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 a 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.

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# CHUGOKU PAINTS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2. Accounting policies (continued)

#### 2.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

#### 2.10 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 % straight-line
Computer equipment	- 20 - 50 % straight-line
Right of use asset	- Over lease term

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

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



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# CHUGOKU PAINTS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### **2.11 Financial Instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

#### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

### **3. Judgements 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.

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Commission receivable	1,252,500	1,477,000
	<u>1,252,500</u>	<u>1,477,000</u>

All turnover arose within the United Kingdom.

### 5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	114,451	108,183
Exchange differences	22	(243)
Defined contribution pension cost	48,439	40,984
	<u>162,912</u>	<u>149,024</u>

### 6. Employees

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

	2020 No.	2019 No.
Sales and office staff	9	9
	<u>9</u>	<u>9</u>

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 7. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	22,985	26,525
Adjustments in respect of previous periods	(212)	(24,064)
	<u>22,773</u>	<u>2,461</u>
<b>Total current tax</b>	<u>22,773</u>	<u>2,461</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,132	(556)
<b>Total deferred tax</b>	<u>1,132</u>	<u>(556)</u>
<b>Taxation on profit on ordinary activities</b>	<u>23,905</u>	<u>1,905</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>105,623</u>	<u>81,868</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	20,068	15,555
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,443	14,884
Adjustments to tax charge in respect of prior periods	(212)	(24,064)
Change in deferred tax rates	(64)	-
Non-taxable income	(1,330)	(2,470)
Effect of changes to IFRS 16	-	(2,000)
<b>Total tax charge for the year</b>	<u>23,905</u>	<u>1,905</u>

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 8. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	37,903	32,880	622,345	693,128
Additions	-	12,614	-	12,614
Disposals	-	(7,296)	-	(7,296)
At 31 December 2020	37,903	38,198	622,345	698,446
<b>Depreciation</b>				
At 1 January 2020	37,500	20,678	207,315	265,493
Charge for the year on owned assets	147	8,640	105,664	114,451
Disposals	-	(7,296)	-	(7,296)
At 31 December 2020	37,647	22,022	312,979	372,648
<b>Net book value</b>				
At 31 December 2020	256	16,176	309,366	325,798
At 31 December 2019	403	12,202	415,030	427,635

The net book value and depreciation charge for right-of-use assets by underlying class of asset is as follows:

#### Net book value:

	2020 £	2019 £
Property	287,550	383,400
Motor vehicles	21,816	31,630
	<u>309,366</u>	<u>415,030</u>

#### Depreciation charge:

	2020 £	2019 £
Property	95,850	95,850
Motor vehicles	9,815	5,381
	<u>105,665</u>	<u>101,231</u>

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 9. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	1,297,152	1,199,518
Other debtors	13,405	17,530
Prepayments and accrued income	32,603	36,517
Tax recoverable	-	15,192
	<u>1,343,160</u>	<u>1,268,757</u>

### 10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	18,480	47,591
Corporation tax	7,581	-
Other taxation and social security	63,649	10,239
Lease liabilities	107,459	101,217
Other creditors	25,460	25,258
Accruals and deferred income	49,898	44,032
	<u>272,527</u>	<u>228,337</u>

### 11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	226,722	334,181
	<u>226,722</u>	<u>334,181</u>

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 12. Deferred taxation

	2020 £
At beginning of year	(39,224)
Charged to the profit or loss	(1,132)
Charged to other comprehensive income	(39,830)
<b>At end of year</b>	<b>(80,186)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(2,516)	1,482
Other timing differences	1,940	(926)
Defined benefit pension	(79,610)	(39,780)
	<b>(80,186)</b>	<b>(39,224)</b>

### 13. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,000,000 (2019 - 1,000,000) Ordinary shares shares of £1.00 each	<b>1,000,000</b>	<b>1,000,000</b>

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Pension commitments

The Company operates a Defined benefit pension scheme.

An actuarial valuation for FRS 101 purposes was carried out at 31 December 2020 using the projected unit method by Scottish Widows.

Reconciliation of present value of plan assets:

	2020 £	2019 £
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	2,192,000	1,928,000
Interest cost	46,000	54,000
Actuarial gains/losses	235,000	210,000
Benefits paid	(460,000)	3,000
Expenses	3,000	3,000
<b>At the end of the year</b>	<b>2,016,000</b>	<b>2,198,000</b>

Reconciliation of fair value of plan assets:

	2020 £	2019 £
At the beginning of the year	2,419,000	2,180,000
Interest income	51,000	61,000
Actuarial gains/losses	408,000	171,000
Contributions	10,000	10,000
Benefits paid	(460,000)	3,000
<b>At the end of the year</b>	<b>2,428,000</b>	<b>2,425,000</b>

	2020 £	2019 £
Fair value of plan assets	2,428,000	2,425,000
Present value of plan liabilities	(2,016,000)	(2,198,000)
<b>Net pension scheme asset</b>	<b>412,000</b>	<b>227,000</b>

# CHUGOKU PAINTS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Interest on obligation	5,000	7,000
<b>Total</b>	<b>5,000</b>	<b>7,000</b>

Principal actuarial assumptions at the Statement of financial position date:

	2020 %	2019 %
Inflation (CPI)	2.2	2.2
Inflation (RPI)	3	3.0
Rate of increase in salaries	2.2	2.2
Rate of increase for pensions	3.1	3.1
Discount rate for liabilities	1.4	2.1
Mortality rates		
- for a male aged 65 now	21.6	21.6
- at 65 for a male aged 45 now	22.6	22.6
- for a female aged 65 now	23.5	23.5
- at 65 for a female member aged 45 now	24.7	24.7

### Defined benefit pension schemes

	2020 £	2019 £
Total market value of assets	2,428,000	2,419,000
Deferred tax liability	(79,610)	(39,780)
Present value of scheme liabilities	(2,016,000)	(2,192,000)
<b>Surplus</b>	<b>332,390</b>	<b>187,220</b>

The current service cost for the year ended 31 December 2020 is £nil (2019: £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 (2019: £10,000) to the defined benefit pension plan in the year to 31 December 2020.



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# CHUGOKU PAINTS (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 15. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	-	6,442
	-	6,442

### 16. Transactions with key management personnel

The remuneration, including retirement benefits, of current and former members of the Board of Management charged to the company in the year under review amounted to £157,472 (2019: £271,889). The directors did not receive any shares or are entitled to right on shares under long-term incentive schemes.

Emoluments of the highest paid director were £157,472 (2019: £164,581).

### 17. Ultimate parent undertaking

The directors regard Chugoku Paints B.V. to be the immediate parent undertaking. At 31 December 2020, the ultimate parent undertaking, largest and smallest group of undertakings to consolidate these statements and controlling parent is a company incorporated in Japan; Chugoku Marine Paints Limited. The consolidated financial statements of Chugoku Marine Paints Limited are available from Tokyo Club Building, 2-6, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, 100-0013, Japan. There is considered to be no ultimate controlling party.