

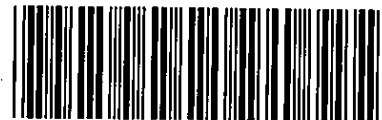
**Keyence (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 02818080**

**28 February 2014**

THURSDAY



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13/11/2014

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## Strategic report

The directors present their Strategic Report for the year ended 28 February 2014.

### Principal business objectives and strategies for achieving them

The sale of electronic sensors, measuring instruments and digital microscopes supplied by the parent company in Japan remains the principal activity for Keyence (UK) Ltd.

Key Strategies are:

#### *Direct Sales*

Our technically trained sales engineers have extensive product knowledge along with application and industry experience. This experience and specialization allows the most efficient solution to be quickly recommended to customers, saving invaluable time.

#### *Fast delivery*

Keyence has established a fast delivery system to ensure that customers get their required products whenever they need them. Products are shipped from warehouse in the U.K directly to customer sites.

#### *Comprehensive support*

Keyence supports customers with extensive on-site manufacturing and automation knowledge. Our sales engineers are ready to provide comprehensive support at every level of business, from the design and research stage, to model selection, line operation with on-site instructions, and after product adoption.

The Directors have a reasonable expectation that Keyence (UK) Ltd has adequate resources to continue operation for the foreseeable future.

### Review of the business and future developments

During the financial year ending February 2014 turnover increased by 13.5% compared to the prior year. This was a combined result of new products launched, increased number of sales employees and expansion of customer base.

The forecast for year ending February 2015 is positive with Keyence (UK) Ltd continuing to expand business within the UK & Ireland.

### Principal risks and uncertainties

Uncertainties within the UK economy are the main variable factor with regards to the ongoing operation of Keyence UK Ltd. No other particular significant risk or uncertainty has been identified or foreseen.

By order of the board



Mr H Satoh  
Secretary

29 September 2014

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2014.

### Principal activities

The main activity of the company is the sale of electronic sensors, measuring instruments and digital microscope manufactured by its parent company in Japan.

Various industries within the UK manufacturing sector have continued to improve during 2013. Keyence (UK) Limited has experienced sales growth during this period and expects that this will continue for the new financial year.

### KPI's

The profit before tax was £455,679 compared to a profit before tax of £489,439 in the previous year. Turnover for the year ended 28 February 2014 was £10,881,545 compared to £9,584,526 for the prior year.

### Risk and Uncertainties

Uncertainties in the UK economy are the biggest issue for the company. No other particular risks and uncertainties are foreseen.

### Proposed dividend

The directors do not recommend the payment of a dividend (2013: *£nil*).

### Directors

The directors who held office during the year were as follows:

A Yamamoto  
T Fujita

### Charitable and political donations

During the year the Company made no charitable donations (2013: *£nil*). No contributions were made for political purposes (2013: *£nil*).

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to section 487 of the Companies Act 2006, the Auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Mr H Satoh  
Secretary

29 September 2014

Avebury House  
219-225 Avebury Boulevard  
Milton Keynes  
MK9 1AU

## **Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Keyence (UK) Limited**

We have audited the financial statements of Keyence (UK) Limited for the year ended 28 February 2014 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements, in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

- adequate accounting records have not been kept, 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.

**Aimie Keki** (Senior Statutory Auditor)

**For and on behalf of KPMG LLP, Statutory Auditor**

Altius House  
One North Fourth Street  
Milton Keynes,  
MK9 1NE

27<sup>th</sup> October 2014

**Profit and loss account**  
*for the year ended 28 February 2014*

	<i>Note</i>	2014	2013
		£	£
Turnover	2	10,881,545	9,584,526
Cost of sales		(6,480,701)	(5,441,493)
<b>Gross profit</b>		<b>4,400,844</b>	<b>4,143,033</b>
Distribution costs		(673,431)	(428,700)
Administrative expenses		(3,286,418)	(3,260,441)
		<b>(3,959,849)</b>	<b>(3,689,141)</b>
<b>Operating profit</b>	3-5	<b>440,995</b>	<b>453,892</b>
Interest receivable and similar income	6	18,499	40,268
Interest payable and similar charges	7	(3,815)	(4,721)
<b>Profit on ordinary activities before taxation</b>		<b>455,679</b>	<b>489,439</b>
Tax on profit on ordinary activities	8	(111,969)	(124,949)
<b>Profit on ordinary activities after taxation</b>		<b>343,710</b>	<b>364,490</b>
<b>Profit and loss account carried forward</b>		<b>7,136,304</b>	<b>6,792,594</b>

All results relate to continuing activities.

The company has no recognised gains or losses in the year other than the profit on ordinary activities as set out above.

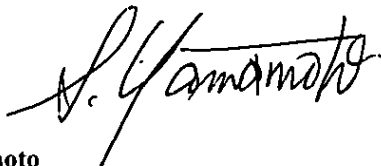
The notes on pages 7 to 13 form part of the financial statements.

**Balance sheet**  
*at 28 February 2014*

	Note	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		111,581		195,012
Investments	10		55,600		55,600
<b>Current assets</b>					
Stock	11	489,125		849,624	
Debtors	12	2,434,830		2,342,661	
Investments	13	5,341,236		4,953,062	
Cash at bank and in hand		525,604		343,295	
		<u>8,790,795</u>		<u>8,488,642</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,521,672)</u>		<u>(1,646,660)</u>	
<b>Net current assets</b>			<u>7,269,123</u>		<u>6,841,982</u>
<b>Net assets</b>			<u>7,436,304</u>		<u>7,092,594</u>
<b>Capital and reserves</b>					
Called up share capital	15	300,000		300,000	
Profit and loss account		7,136,304		6,792,594	
<b>Equity shareholders' funds</b>	16		<u>7,436,304</u>		<u>7,092,594</u>

The notes on pages 7 to 13 form part of the financial statements.

These financial statements were approved by the board of directors on 29/9/14 and were signed on its behalf by:



**Mr A Yamamoto**  
Director

Registered number 02818080



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost of assets in equal instalments over the estimated lives of the assets. The estimated lives are as follows:

Demonstration equipment	2 years
Furniture and office equipment	3 years
Fixtures and fittings	3-5 years

#### *Stocks*

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

#### *Taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Leases*

Operating lease rentals are charged to income in equal annual amounts over the lease term.

#### *Pension costs*

The company operates a group personal pension scheme. Contributions to the scheme are charged to the profit and loss account when payable.

#### *Related parties*

The company has taken advantage of the exemption available under FRS 8, 'Related Parties' from disclosing transactions with entities that are part of the Group, where 100% of the voting rights of these entities are controlled within the Group.

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at this date.

These transactions differences are dealt with in the profit and loss account.

### 2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover is derived from the United Kingdom and Ireland.

## Notes (continued)

### 3 Operating Profit

<i>Operating profit is stated after charging:</i>	2014 £	2013 £
Depreciation	122,908	100,158
Hire of other assets – operating leases	115,644	137,995
Hire of plant and machinery – operating leases	177,864	155,579
Auditors remuneration:		
- audit of these financial statements	11,000	11,000
- preparation of corporation tax computations	4,000	4,000
	<u>          </u>	<u>          </u>

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Sales	28	26
Administration, technical support and marketing	7	7
	<u>          </u>	<u>          </u>
	35	33
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	1,481,464	1,606,769
Social security costs	175,602	173,433
Other pension costs	69,789	73,866
	<u>          </u>	<u>          </u>
	1,726,855	1,854,068
	<u>          </u>	<u>          </u>

### 5 Remuneration of directors

The remuneration of the directors are borne by parent company.

No directors are members of the group personal pension scheme operated by the company (2013: none).

### 6 Other interest receivable and similar income

	2014 £000	2013 £000
Bank interest	16,694	17,923
Other	1,805	22,345
	<u>          </u>	<u>          </u>
	18,499	40,268
	<u>          </u>	<u>          </u>

**Notes (continued)**

**7 Other interest payable and similar charges**

	2014 £	2013 £
Net exchange loss	<u>(3,815)</u>	<u>(4,721)</u>

**8 Taxation**

**Analysis of charge in period**

	2014 £	£	2013 £	£
<i>UK corporation tax</i>				
Current tax on income for the period	119,397		125,525	
Adjustments in respect of prior periods	<u>(7,228)</u>		<u>-</u>	
Total current tax		112,169		125,525
<i>Deferred tax (see below)</i>				
Origination and reversal of timing differences in the year	<u>(200)</u>		<u>(576)</u>	
		(200)		(576)
Tax on profit on ordinary activities		<u>111,969</u>		<u>124,949</u>

## Notes (continued)

### 8 Taxation (continued)

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2013: lower) than the standard rate of corporation tax in the UK of 23%, (2013: 24%). The differences are explained below:

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	455,679	489,439
	<hr/>	<hr/>
Current tax at 23% (2013: 24 %)	104,806	119,762
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	41,249	5,187
Capital allowances for period in excess of depreciation	(26,658)	(634)
Other short term timing differences	-	1,210
	<hr/>	<hr/>
Total current tax charge (see above)	119,397	125,525
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

#### Deferred Tax

	2014 £
At beginning of period	6,315
Charge for the period	(200)
	<hr/>
Deferred tax at end of period	6,115
	<hr/>

The elements of deferred tax are as follows:

	Year ended 28 February 2014 £	Year ended 29 February 2013 £
<i>Deferred tax</i>		
Arising on difference between accumulated depreciation and capital allowances	(6,115)	(8,955)
Other short term timing differences	-	2,640
	<hr/>	<hr/>
Net deferred tax liabilities	(6,115)	(6,315)
	<hr/>	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

	Demonstration equipment £	Furniture and office equipment £	Fixtures and fittings £	Total £
<i>Cost</i>				
At beginning of year	405,180	267,822	187,503	860,505
Additions	24,762	12,284	2,431	39,477
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	429,942	280,106	189,934	899,982
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At beginning of year	321,510	214,311	129,672	665,493
Charge for the year	75,278	23,815	23,815	122,908
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	396,788	238,126	153,487	788,401
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 February 2014	33,154	41,980	36,447	111,581
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2013	83,670	53,511	57,831	195,012
	<hr/>	<hr/>	<hr/>	<hr/>

**10 Fixed asset investments**

	Shares in group undertakings £
<i>Cost and net book value</i>	
At the beginning and end of the year	55,600
	<hr/>

**11 Stocks**

	2014 £	2013 £
Goods for resale	489,125	849,624
	<hr/>	<hr/>

**12 Debtors**

	2014 £	2013 £
Trade debtors	1,977,368	2,192,740
Other Debtors	336,055	19,525
Prepayments and Accrued Income	121,407	130,396
	<hr/>	<hr/>
	2,434,830	2,342,661
	<hr/>	<hr/>

Included within other debtors is an amount held on deposit of £258,025 over which the company's principal bankers hold a legal charge.

**Notes (continued)**

**13 Investments**

	2014 £	2013 £
Cash held on deposit	5,341,236	4,953,062

**14 Creditors: amounts falling due within one year**

	2014 £	2013 £
Trade creditors	277,735	321,466
Amounts owed to group undertakings	1,028,414	1,110,693
Taxation and social security	47,731	74,703
Accruals and deferred income	148,049	76,075
Deferred tax liability	6,115	6,315
Corporation tax	13,628	57,408
	<u>1,521,672</u>	<u>1,646,660</u>

**15 Called up share capital**

	2014 £	2013 £
<i>Authorised</i> 300,000 ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
<i>Allotted, called up and fully paid</i> 300,000 ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

**16 Shareholders' funds**

	2014 £	2013 £
Profit for the financial year	343,710	364,490
Opening shareholders' funds	<u>7,092,594</u>	<u>6,728,104</u>
Closing shareholders' funds	<u>7,436,304</u>	<u>7,092,594</u>

**17 Operating lease commitments**

	2014 Land and buildings £	Other £	2013 Land and buildings £	Other £
Operating leases which expire:				
Within one year	2,652	129,463	7,800	18,136
In the second to fifth years inclusive	-	142,699	2,652	181,639
Over five years	97,512	-	97,512	-
	<u>100,164</u>	<u>272,162</u>	<u>107,964</u>	<u>199,775</u>

**Notes (continued)**

**18 Pension scheme**

The company operates a group personal pension scheme. The assets of the scheme are held separately from those of the company. The pension cost charged to the profit and loss account represents contributions payable by the company to the scheme and amounted to £69,789 (2013: £73,866).

**19 Capital commitments and guarantees**

The company has issued a bank guarantee of £100,000 (2013: £100,000) in favour of HM Customs and Excise.

There are no capital commitments at the yearend (2013: £nil).

**20 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company's ultimate parent company and controlling entity is Keyence Corporation, a company incorporated in Japan, and is the parent undertaking of both the largest and smallest groups which includes the company and for which group accounts are prepared. A copy of the group accounts is available from:

1-3-14 Higashi-Nakajima  
Higashi-Yodogara-Ku  
Osaka 533-85555  
Japan