

Keyence (UK) Limited

**Directors' report and financial
statements**

Registered number 02818080

28 February 2015

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Strategic report

The directors present their Strategic Report for the year ended 28 February 2015.

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 our 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.

Going concern

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 2015 turnover increased by 12.3% compared to the prior year. This was a combined result of new products launched, an increased number of sales employees and an expansion of our customer base.

The forecast for year ending February 2016 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

Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2015.

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 2014. 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 £641,206 compared to a profit before tax of £455,679 in the previous year. Turnover for the year ended 28 February 2014 was £12,217,882 compared to £10,881,545 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 (2014: £nil).

Directors

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

A Yamamoto
K Kimura

Charitable and political donations

During the year the Company made no charitable donations (2014: £nil). No contributions were made for political purposes (2014: £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

26/08/2015

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 2015 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

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 2015 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

28/8/2015

Profit and loss account
for the year ended 28 February 2015

	<i>Note</i>	2015	2014
		£	£
Turnover	2	12,217,882	10,881,545
Cost of sales		(7,168,770)	(6,480,701)
Gross profit		5,049,112	4,400,844
Distribution costs		(848,657)	(673,431)
Administrative expenses		(3,536,495)	(3,286,418)
		(4,385,152)	(3,959,849)
Operating profit	3-5	663,960	440,995
Interest receivable and similar income	6	24,350	18,499
Interest payable and similar charges	7	(47,104)	(3,815)
Profit on ordinary activities before taxation		641,206	455,679
Tax on profit on ordinary activities	8	(118,591)	(111,969)
Profit on ordinary activities after taxation		522,615	343,710
Profit and loss account carried forward		7,658,919	7,136,304

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 2015

	<i>Note</i>	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	9		248,786		111,581
Investments	10		55,600		55,600
Current assets					
Stock	11	564,330		489,125	
Debtors	12	2,857,236		2,434,830	
Investments	13	5,860,492		5,341,236	
Cash at bank and in hand		338,530		525,604	
		<u>9,620,588</u>		<u>8,790,795</u>	
Creditors: amounts falling due within one year	14	<u>(1,966,055)</u>		<u>(1,521,672)</u>	
Net current assets			<u>7,654,533</u>		<u>7,269,123</u>
Net assets			<u>7,958,919</u>		<u>7,436,304</u>
Capital and reserves					
Called up share capital	15		300,000		300,000
Profit and loss account			7,658,919		7,136,304
Equity shareholders' funds	16		<u>7,958,919</u>		<u>7,436,304</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 26/08/2015 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>	2015	2014
	£	£
Depreciation	137,657	122,908
Hire of other assets – operating leases	139,005	115,664
Hire of plant and machinery – operating leases	223,006	177,864
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	
	2015	2014
Sales	31	28
Administration, technical support and marketing	10	7
	<u> </u>	<u> </u>
	41	35
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£	£
Wages and salaries	1,693,392	1,481,464
Social security costs	209,215	175,602
Other pension costs	73,306	69,789
	<u> </u>	<u> </u>
	1,975,913	1,726,855
	<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 (2014: none).

6 Other interest receivable and similar income

	2015	2014
	£000	£000
Bank interest	23,857	16,694
Other	493	1,805
	<u> </u>	<u> </u>
	24,350	18,499
	<u> </u>	<u> </u>

Notes (continued)

7 Other interest payable and similar charges

	2015 £	2014 £
Net exchange loss	41,124	3,815
Loss on Disposal of Assets	5,980	-
	<u>47,105</u>	<u>3,815</u>

8 Taxation

Analysis of charge in period

	2015 £	2014 £
<i>UK corporation tax</i>		
Current tax on income for the period	108,137	119,397
Adjustments in respect of prior periods	(4,821)	(7,228)
	<u>103,316</u>	<u>112,169</u>
<i>Deferred tax (see below)</i>		
Origination and reversal of timing differences in the year	15,275	(200)
	<u>-</u>	<u>(200)</u>
	<u>118,591</u>	<u>111,969</u>

Tax on profit on ordinary activities

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2014: higher) than the standard rate of corporation tax in the UK of 21%, (2014: 23%). The differences are explained below:

	2015 £	2014 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	641,206	455,679
	<hr/>	<hr/>
Current tax at 21% (2014: 23 %)	134,653	104,806
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	34,034	41,249
Capital allowances for period in excess of depreciation	(59,732)	(26,658)
Other short term timing differences	(818)	-
	<hr/>	<hr/>
Total current tax charge (see above)	108,137	119,397
	<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

	2015 £
At beginning of period	6,115
Charge for the period	15,275
	<hr/>
Deferred tax at end of period	21,390
	<hr/>

The elements of deferred tax are as follows:

	Year ended 28 February 2015 £	Year ended 29 February 2014 £
<i>Deferred tax</i>		
Arising on difference between accumulated depreciation and capital allowances	(21,390)	(6,115)
	<hr/>	<hr/>
Net deferred tax liabilities	(21,390)	(6,115)
	<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	429,942	280,106	189,934	899,982
Additions	142,650	633	137,559	280,842
Disposals	(8,448)	-	(3,156)	(11,604)
At end of year	564,144	280,739	324,337	1,169,220
<i>Accumulated depreciation</i>				
At beginning of year	396,788	238,126	153,487	788,401
Charge for the year	69,412	31,555	36,690	137,657
Disposals	(3,520)	-	(2,104)	(5,624)
At end of year	462,680	269,681	188,073	920,434
<i>Net book value</i>				
At 28 February 2015	101,464	11,058	136,264	248,786
At 29 February 2014	33,154	41,980	36,447	111,581

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

11 Stocks

	2015 £	2014 £
Goods for resale	564,330	489,125

12 Debtors

	2015 £	2014 £
Trade debtors	2,578,569	1,977,368
Other debtors	16,751	336,055
Prepayments and Accrued Income	261,916	121,407
	2,857,236	2,434,830

Notes (continued)

13 Investments

	2015 £	2014 £
Cash held on deposit	5,860,492	5,341,236

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	260,511	277,735
Amounts owed to group undertakings	1,341,489	1,028,414
Taxation and social security	64,847	47,731
Accruals and deferred income	182,918	148,049
Deferred tax liability	21,390	6,115
Corporation tax	94,900	13,628
	<u>1,966,055</u>	<u>1,521,672</u>

15 Called up share capital

	2015 £	2014 £
<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

	2015 £	2014 £
Profit for the financial year	522,615	343,710
Opening shareholders' funds	7,436,304	7,092,594
	<u>7,958,919</u>	<u>7,436,304</u>

17 Operating lease commitments

	2015 Land and buildings £	Other £	2014 Land and buildings £	Other £
Operating leases which expire:				
Within one year	7,680	77,015	2,652	129,463
In the second to fifth years inclusive	74,270	155,980	-	142,699
Over five years	97,512	-	97,512	-
	<u>179,462</u>	<u>232,995</u>	<u>100,164</u>	<u>272,162</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 £73,306 (2014: £69,789).

19 Capital commitments and guarantees

The company has issued a bank guarantee of £100,000 (2014: £100,000) in favour of HM Customs and Excise.

There are no capital commitments at the yearend (2014: £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