

# Axis Communications (UK) Limited

## Annual Report and Financial Statements

For the year ended

31 December 2015

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# Axis Communications (UK) Limited

## COMPANY INFORMATION

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### DIRECTORS

R Mauritsson  
B Sonesson  
F Sjostrand

### SECRETARY

A Rajput

### COMPANY NUMBER

3318032 (England and Wales)

### REGISTERED OFFICE

Ground Floor  
Gleneagles  
The Belfry  
Colonial Way  
Watford  
Hertfordshire  
WD24 4WH

### AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)  
Chartered Accountants  
The Pinnacle  
170 Midsummer Boulevard  
Milton Keynes  
MK9 1BP

### BANKERS

Nordea Bank Finland Plc  
8<sup>th</sup> Floor, City Place House  
55 Basinghall Street  
London  
EC2V 5NB

# Axis Communications (UK) Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Axis Communications (UK) Limited for the year ended 31 December 2015.

### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of providing marketing and consultancy services to its parent company Axis Communications AB.

### DIRECTORS

The following directors have held office since 1 January 2015:

R Mauritsson  
B Sonesson  
F Sjostrand

### AUDITOR

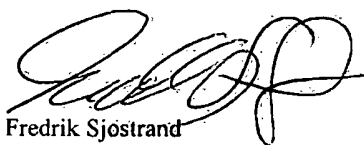
A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditors for the year ended 31 December 2016 will be put to the members at the Annual General Meeting.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the board



Fredrik Sjöstrand  
Director

5/04/2016

# Axis Communications (UK) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AXIS COMMUNICATIONS (UK) LIMITED

We have audited the financial statements on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

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 auditor**

As more fully explained 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 (APB'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 website at <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 31 December 2015 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.

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

In our opinion the information given in 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, or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

RSM UK Audit LLP

David Olsson (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor  
Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

MK9 1BP

03/05/2016

**Axis Communications (UK) Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2015**

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	<i>Notes</i>	2015 £	2014 £
TURNOVER	2	4,359,399	3,720,985
Administrative expenses	3	(4,211,140)	(3,566,212)
OPERATING PROFIT	4	<u>148,259</u>	<u>154,773</u>
Interest receivable and similar income	5	695	335
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>148,954</u>	<u>155,108</u>
Taxation	7	(39,062)	(37,430)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		<u>109,892</u>	<u>117,678</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>109,892</u></u>	<u><u>117,678</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

# Axis Communications (UK) Limited

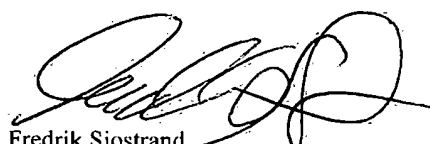
## STATEMENT OF FINANCIAL POSITION

31 December 2015

Company Registration No. 3318032

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	9	62,188	122,226
<b>CURRENT ASSETS</b>			
Debtors	10	400,687	161,403
Cash at bank and in hand		187,728	460,719
		588,415	622,122
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	11	(384,333)	(426,001)
<b>NET CURRENT ASSETS</b>		204,082	196,121
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		266,270	318,347
<b>PROVISIONS FOR LIABILITIES</b>	12	(3,579)	(15,548)
<b>NET ASSETS</b>		262,691	302,799
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	30,000	30,000
Profit and loss account		232,691	272,799
<b>TOTAL EQUITY</b>		262,691	302,799

The financial statements on pages 5 to 16 were approved by the board of directors and authorised for issue on 5 April 2016 and are signed on its behalf by:

  
 Fredrik Sjostrand  
 Director

**Axis Communications (UK) Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2015**

	Notes	Share capital £	Profit and loss account £	Total £
BALANCE AT 1 JANUARY 2014		30,000	155,121	185,121
Profit and total comprehensive income for the year		-	117,678	117,678
BALANCE AT 31 DECEMBER 2014		<u>30,000</u>	<u>272,799</u>	<u>302,799</u>
Profit and total comprehensive income for the year		-	109,892	109,892
Transactions with owners in their capacity as owners:-				
Dividends	8	-	(150,000)	(150,000)
BALANCE AT 31 DECEMBER 2015		<u>30,000</u>	<u>232,691</u>	<u>262,691</u>



# Axis Communications (UK) Limited

## ACCOUNTING POLICIES

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### COMPANY INFORMATION

Axis Communications (UK) Limited ('the Company') is a limited company domiciled and incorporated in England and Wales. The address of the company's registered office and principal place of business is Ground Floor, Gleneagles, The Belfry, Colonial Way, Watford, Hertfordshire, WD24 4WH.

The company's principal activities and the nature of the company's operations are disclosed in the Directors' Report.

### BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council, under the historical cost convention and in accordance with Companies Act 2006.

In accordance with FRS 101, the Company has taken advantage of the exemptions from the following disclosure requirements;

- IFRS 7 'Financial Instruments: Disclosures' – *Carrying amounts, interest income/expense and net gains/ losses for each category of financial instrument and risks associated with financial instruments (including management of risks, maximum credit risk, credit quality of financial assets, analysis of financial assets past due or impaired, maturity analysis for financial liabilities, sensitivity analysis for market risks)*
- IAS 1 'Presentation of Financial Statements' – *Comparative reconciliations of the opening and closing number of shares and carrying amounts of property, plant and equipment, and intangible assets, objectives, policies and processes for managing capital and inclusion of an explicit and unreserved statement of compliance with IAS 1*
- IAS 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flow and related notes*
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – *IFRS that will impact future periods*
- IAS 24 'Related Party Disclosures' – *Compensation for key management personnel and transactions entered into between two or more members of a group*

The financial statements of the Company are consolidated in the financial statements of Axis AB. The consolidated financial statements of Axis AB may be obtained from the Company Secretary, Axis AB, Emdalavagen 14, S-22369 Lund, Sweden.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

These financial statements are the first financial statements of Axis Communications (UK) Limited prepared in accordance with Financial Reporting Standard 101. The financial statements of Axis Communications (UK) Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 101 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 101.

As a result of the adoption of FRS 101 no adjustments to equity arose at the date of the transition (1 January 2014) or at the end of the last year presented under previous UK GAAP (31 December 2014) and no adjustments arose to the profit reported to 31 December 2014 under previous UK GAAP.

# Axis Communications (UK) Limited

## ACCOUNTING POLICIES

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### GOING CONCERN

The company provides marketing and consultancy services to its parent undertaking and is therefore dependent upon that entity when assessing its own position regarding going concern. The directors have considered the future trading and cash flow forecast of the company and, having made appropriate enquiries of the parent undertaking, believe it is appropriate to continue to prepare the company's financial statements on a going concern basis.

### TURNOVER

Turnover represents a recharge of expenses plus a mark-up to its parent undertaking and is recognised as the relevant expenses are incurred.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on all assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Computer equipment	33% on cost
Fixtures, fittings & equipment	20% on cost
Leasehold improvements	20% on cost

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### FINANCIAL INSTRUMENTS

#### *Recognition and measurement*

All of the Company's financial assets are classified as loans and receivables. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition.

Loans and receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All of the company's loans and receivables are included in current assets. The Company's loans and receivables comprise other debtors, amounts due from group undertakings, accrued income and 'cash and cash equivalents' in the statement of financial position.

All of the company's financial liabilities comprising trade creditors, amounts owed to group undertakings, dilapidation provision and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### *Impairment of financial assets- assets carried at amortised cost*

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

# Axis Communications (UK) Limited

## ACCOUNTING POLICIES

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### FINANCIAL INSTRUMENTS (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### SHARE CAPITAL

Ordinary shares are classified as equity.

### CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their varying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probably that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### LEASED ASSETS

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

# Axis Communications (UK) Limited

## ACCOUNTING POLICIES

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### DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### PENSION CONTRIBUTIONS

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

### FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates and monetary assets and liabilities denominated in foreign currencies are taken to the profit or loss.

# Axis Communications (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider that there are any critical estimates or areas of judgement that need to be brought to the attention of the readers of the financial statements.

### 2 TURNOVER

The whole of turnover is attributable to the value of fees receivable from Axis Communications AB for the provision of marketing and consultancy services solely within the UK.

3	EXPENSES BY NATURE	2015 £	2014 £
	Employee benefit expense (note 6)	2,211,725	1,975,971
	Depreciation	60,038	61,182
	Advertising costs	934,046	719,025
	Operating lease payments (note 15)	170,788	135,306
	Net foreign exchange losses	1,440	-
	Other expenses	833,103	674,728
	Total administrative expenses	<u>4,211,140</u>	<u>3,566,212</u>

4	OPERATING PROFIT	2015 £	2014 £
	Operating profit is stated after charging:		
	Auditor's remuneration:		
	Statutory audit	9,550	8,450
	Audit related assurance services	5,200	6,050
	Other non-audit services	4,850	1,563
		<u></u>	<u></u>

5	INTEREST RECEIVABLE AND SIMILAR INCOME	2015 £	2014 £
	Bank interest	<u>695</u>	<u>335</u>

# Axis Communications (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

6	EMPLOYEES	2015 No.	2014 No.
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Administration and management	31	27
		2015 £	2014 £
	Staff costs for above persons:		
	Wages and salaries	1,887,540	1,670,629
	Social security costs	237,199	206,858
	Other pension costs	86,986	98,484
		2,211,725	1,975,971
	The directors received no remuneration for their services as directors of the company during the year (2014: £nil).		
7	TAXATION	2015 £	2014 £
	Current tax:		
	UK corporation tax on profit of the year	51,031	51,894
	Adjustments in respect of previous periods	-	(4,213)
	Total current tax	51,031	47,681
	Deferred taxation:		
	Origination and reversal of timing differences (note 12)	(11,969)	(10,251)
	Total deferred tax	(11,969)	(10,251)
	Tax expense	39,062	37,430
	The charge for the year can be reconciled to the profit per the income statement as follows:		
	Profit before tax	148,954	155,108
	Expected tax charge based on corporation tax rate of 20.25% (2014: 21.49%)	30,163	33,333
	Effects of:		
	Expenses not deductible for tax purposes	8,899	8,310
	Adjustments in respect of previous period	-	(4,213)
	Tax expense for the year	39,062	37,430

At the reporting date the tax rates substantially enacted are 20% from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. Deferred tax has been measured using the average rate expected to apply in the period in which the timing differences will reverse using these substantively enacted rates.

# Axis Communications (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

8	DIVIDENDS	2015 £	2014 £
	Interim dividend paid of £5.00 per ordinary share	150,000	-

During the year, an interim dividend of £150,000 was paid (2014: £nil). The directors do not recommend the payment of a final dividend.

9	TANGIBLE FIXED ASSETS	Computer equipment £	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
	Cost:				
	1 January 2015	58,874	210,017	83,363	352,254
	31 December 2015	58,874	210,017	83,363	352,254
	Depreciation:				
	1 January 2015	54,193	124,474	51,361	230,028
	Charged in the year	2,291	42,004	15,743	60,038
	31 December 2015	56,484	166,478	67,104	290,066
	Net book value:				
	31 December 2015	2,390	43,539	16,259	62,188
	1 January 2015	4,681	85,543	32,002	122,226

10	DEBTORS	2015 £	2014 £
	Amounts due from group undertakings	167,589	-
	Other debtors	71,282	70,440
	Prepayments and accrued income	161,816	90,963
		400,687	161,403

11	CREDITORS: Amounts falling due within one year	2015 £	2014 £
	Trade creditors	46,315	64,663
	Amounts owed to group undertakings	6,966	112,993
	Corporation tax	29,140	25,894
	Other taxation and social security costs	77,269	62,635
	Accruals and deferred income	192,643	135,816
	Dilapidation provision	32,000	24,000
		384,333	426,001

# Axis Communications (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

12	PROVISIONS FOR LIABILITIES	2015 £	2014 £
	Deferred tax		
	Balance at 1 January	15,548	25,799
	(Credited) to the profit or loss in year	(11,969)	(10,251)
	Balance at 31 December	<u>3,579</u>	<u>15,548</u>
	The deferred tax liability is made up as follows:	2015 £	2014 £
	Accelerated capital allowances	3,579	15,548
		<u>3,579</u>	<u>15,548</u>
13	SHARE CAPITAL	2015 £	2014 £
	Allotted, called up and fully paid: 30,000 ordinary shares of £1 each	30,000	30,000
14	PENSION COSTS		
	The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund. There were no outstanding contributions at the year-end (2014: £nil). Total contributions payable to the scheme in the year totalled £86,986 (2014: £98,484).		
15	COMMITMENTS UNDER OPERATING LEASES		
	At 31 December the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
		2015 £	2014 £
	Within one year	149,335	143,997
	Between two and five years	93,653	210,506
		<u>242,988</u>	<u>354,503</u>



# Axis Communications (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 16 CONTROL

The immediate parent undertaking of the company is Axis Communications AB, a company incorporated in Sweden.

The ultimate parent undertaking and the parent undertaking of the largest and only group of undertakings for which group financial statements are drawn up and of which the company is a member is Canon Inc, a company incorporated in Japan.

Copies of group financial statements may be obtained from the Company Secretary, Canon Inc, 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo, 146-8501 Japan.

The directors do not consider there to be a sole ultimate controlling party.