Marnix Europe Limited

Report and Financial Statements

31 March 2019

COMPANY INFORMATION

Directors
T Kimura
T Komoguchi
T Okawa (Resigned 6th April 2018)
T Tanaka (Resigned 1st November 2018)
N Shimura (Appointed on 6th April 2018 and resigned 1st April 2019)
Y Okabe (Appointed 1st April 2019)
S Kamizono (Appointed 1st November 2018)

Secretary
M Hammill

Auditors
Ernst & Young LLP
25 Churchill Place
London E14 5EY

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Mizuho Bank, Ltd
30 Old Bailey
London EC4M 7AU

Registered Office
95 Gresham Street
London
EC2V 7AB

Company registration number
02448482

Directors' report

Registered No. 02448482

The directors present their report and financial statements on Marnix Europe Limited (the 'company') for the year ended 31 March 2019.

The company is a limited liability company incorporated in the United Kingdom ("UK") under the UK Companies Act 2006 and registered in England and Wales.

The company reports under Financial Reporting Standard ("FRS") 101, and has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ("FRC") that are mandatory for the current reporting period.

Results

The profit for the year ended 31 March 2019, after taxation, amounted to £246,562 (2018 – profit of £370,438).

Principal activity

The principal activity of the company during the year was insurance consultancy and broking agency services.

Future developments

The company intends to further expand not only in the Power and Energy fields, but also other commercial business in the near future in line with their current strategic plan.

Research and development

The company has not undertaken any research and development activities during the year.

Political contributions

The company has not made any political contributions during the year.

Going concern

The company has sufficient financial resources and as a consequence the directors believe the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The current directors and all directors who served the company during the year and to the date of this report are shown on page 1.

Directors' statement as to disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Re-appointment of auditor

Ernst and Young LLP are deemed to be reappointed as the company's auditor in accordance with Section 487 (2) of the Companies Act 2006.

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

By order of the Board

Michael Hammill

M Hammill
Secretary

Date: 1st August 2019

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable UK 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently; and
- 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.

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 Marnix Europe Limited

Opinion

We have audited the financial statements of Marnix Europe Limited (the 'company') for the year ended 31st March 2019 which comprise the Income statement, Statement of other comprehensive income, Statement of changes in equity, Statement of financial position and the related notes 1 to 17, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st March 2019 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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
- 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 4, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 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.

Ernst & Young LLP

Ed Jervis (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 2 August 2019

Income statement

for the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	3	2,519,612	2,987,422
Administrative expenses		(2,287,472)	(2,572,374)
Operating profit	4	232,140	415,048
Interest receivable / (payable) and similar charges	7	4,269	(11,708)
Profit on ordinary activities before taxation		236,409	403,340
Tax credit / (charge) on profit on ordinary activities	8	10,153	(32,902)
Profit for the financial year		246,562	370,438

All the amounts above are in respect of continuing operations.

Statement of other comprehensive income

for the year ended 31 March 2019

	Notes	*2019* £	*2018* £
Profit for the financial year		246,562	370,438
Changes in financial assumptions	14	(104,500)	-
Actuarial gain/(loss) on pension scheme assets	14	187,600	(40,700)
Actuarial gain/(loss) on pension scheme liabilities	14	35,900	91,900
Impact of asset ceiling	14	(126,300)	(23,200)
Net actuarial gain/(loss) in pension plan	14	(7,300)	28,000
Deferred tax on defined benefit pension scheme	8(c)	1,241	(4,760)
Total recognised gains relating to the year		240,503	393,678

Statement of changes in equity

for the year ended 31 March 2019

	Share capital	*Retained earnings*	*Total*
	£	£	£
At 1 April 2017	200,000	2,482,210	2,682,210
Profit for the year	-	370,438	370,438
Other comprehensive income	-	23,239	23,239
Dividends paid (£1.741 per share)	-	(348,213)	(348,213)
At 31 March 2018	200,000	2,527,674	2,727,674
At 1 April 2018	200,000	2,527,674	2,727,674
Profit for the year	-	246,562	246,562
Other comprehensive income	-	(6,059)	(6,059)
Dividends paid (£1.86 per share)	-	(372,000)	(372,000)
At 31 March 2019	200,000	2,396,177	2,596,176

Statement of financial position

at 31 March 2019

	Notes	*31 March 2019* £	*31 March 2018* £
Current assets			
Debtors	11	2,693,468	4,785,225
Cash at bank and in hand		2,840,995	2,976,232
		5,534,463	7,761,457
Non-current assets			
Tangible assets	10	4,132	4,561
Debtors	11	129,373	138,075
		133,505	142,636
Total assets		5,667,968	7.904,093
Current liabilities			
Creditors: amounts falling due within one year	12	2,319,143	4,372,746
Net current assets		3,215,320	3,388,711
Total assets less current liabilities		3,348,825	3,531,347
Non-current liabilities			
Pension liabilities	14	752,649	803,673
Net assets		2,596,176	2,727,674
Capital and reserves			
Called up share capital		200,000	200,000
Retained earnings		2,396,176	2,527,674
Shareholders' funds		2,596,176	2,727,674

All figures relate to continuing operations.

The notes on pages 12 to 24 form part of the financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:

T Kimura

Director

Date: 01. AUG. 2019

Notes to the financial statements

at 31 March 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the company for the year ended 31 March 2019 were authorised for issue by the board of directors and the balance sheet was signed on the board's behalf by T Kimura.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

2. Accounting policies

2.1 Basis of preparation

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

a) The requirements of IFRS 7 *Financial Instruments: Disclosures;*

b) The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;

c) The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:

   i. paragraph 79(a)(iv) of IAS 1;

   ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;

   iii. paragraph 118(e) of IAS 38 Intangible Assets;

d) The requirements of paragraphs 6, 10(d), 10(f), 16, 21, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;

e) The requirements of IAS 7 Statement of Cash Flows;

f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

g) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures and 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.

Amounts in these financial statements have been rounded off to the nearest pound.

2.2 New or amended Accounting Standards and Interpretations adopted

<u>IFRS 15 Revenue from Contracts with Customers</u>

The company has adopted IFRS 15 from 1 April 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The adoption of the above standard did not result in any material impact as at the adoption date.

<u>IFRS 9 Financial Instruments</u>

The company has adopted IFRS 9 from 1 April 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at

Notes to the financial statements

at 31 March 2019

2. Accounting policies (continued)

fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The adoption of the above standard did not result in any material impact as at the adoption date.

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

a) Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

b) Pension and other post-employment benefits

The cost of defined benefit pensions plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 14.

Notes to the financial statements

at 31 March 2019

2. Accounting policies (continued)

2.4 Significant accounting policies

Foreign currency translation

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction, or an appropriate average rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset over its expected useful life, as follows:

Furniture and fittings	–	over 8 years, on a straight-line basis, 0% residual value
Machinery and equipment	–	over 3 years, on a straight-line basis, 0% residual value

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Licence fee agreement

Rentals under licence fee agreement are charged to the profit and loss account on a straight-line basis over the lease term.

Insurance business assets and liabilities

The company acts as an agent in negotiating insurance premiums in respect of the insurable risks of its clients and has followed the generally accepted accounting practice of showing debtors and creditors relating to insurance business as assets and liabilities of the company itself.

Commissions

Commissions earned on business where the company is the sole agent are recognised when the insurance premium inception date falls within the accounting year. Income is recognised in accordance with the terms of the contract.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand.

Notes to the financial statements

at 31 March 2019

2. Accounting policies (continued)

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Pensions

Certain employees of the company are members of the pension scheme named Marubeni UK Pension and Life Insurance Fund ('the scheme'), which is operated by Marubeni Europe Plc in conjunction with other fellow UK subsidiary undertakings of Marubeni Corporation. The scheme is a defined benefit pension scheme, which requires contributions to be made to a separately administered fund.

With effect from 1 April 2014, the scheme was closed to new entrants. Any increase in the present value of the liabilities expected to arise from employee service in the period is charged against operating profit and included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs included with interest payable and similar costs. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are measured using market values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation (where appropriate), is presented within provisions for liabilities on the face of the balance sheet.

IFRIC 14 places a limit on the amount of pension surplus that can be recognised as an asset on a company's balance sheet. The company cannot show an asset on its balance sheet which exceeds the economic value it is likely to derive from the scheme. The amount that can be included as an asset is therefore restricted to the surplus which can be returned to the company by way of refunds or reductions in future contributions. This restriction is known as the IFRIC 14 "asset ceiling". Furthermore, as the company is unable to obtain an economic benefit from any future surplus that arises in the scheme as a result of the current contributions, it recognises an additional minimum liability that is equal to the discounted present value of the future contributions.

Notes to the financial statements

at 31 March 2019

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2019	*2018*
	£	*£*
UK	454,561	451,523
Europe	144,402	143,099
Japan	10,489	6,246
Rest of Asia	381,569	381,089
America	724,246	749,773
Caribbean	855,860	1,061,778
South America	12,653	12,303
Africa	(92,576)	142,146
Australasia	28,408	39,465
	2,519,612	2,987,422

Negative turnover in Africa for 2019 includes £185,876 of reversed commissions previously recognised, which arose due to the cancellation ab initio of a contract of insurance by carriers relating to risks located in Angola.

4. Operating profit

This is stated after charging:

		2019	*2018*
		£	*£*
Auditors' remuneration –	audit of the financial statements	23,000	21,400
–	assurance services pursuant to legislation	14,000	13,700
–	taxation services	6,500	8,400
Depreciation of owned fixed assets		2,555	853
Foreign exchange gain/(loss)		(74,189)	(151,126)

5. Directors' remuneration

	2019	*2018*
	£	*£*
Remuneration	298,517	341,440

The above remuneration of £298,517 is the highest paid director's remuneration and the total remuneration for all directors for the year ended 31 March 2019.

Notes to the financial statements

at 31 March 2019

6. Staff costs

	2019 £	2018 £
Wages and salaries	1,020,419	1,061,926
Social security costs	59,062	59,595
Other pension costs	33,076	52,637
	1,112,557	1,174,158

The average weekly number of employees during the year was 8 (2018: 8).

7. Interest receivable / (payable) and similar charges

	2019 £	2018 £
Bank interest receivable	22,424	7,643
Corporation Tax Interest	1,045	1,949
Net financial cost relating to pension scheme (note 14)	(19,200)	(21,300)
	4,269	(11,708)

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax on the profits for the year	36,905	66,781
Group loss relief adjustments in respect of previous years	(57,000)	(44,712)
Total current tax	(20,095)	22,069
Deferred tax:		
Origination and reversal of timing differences	11,112	12;107
Effect of changes in tax rates	(1,170)	(1,274)
Total deferred tax (note 8(c))	9,942	10,833
Tax on profit on ordinary activities	(10,153)	32,902

Notes to the financial statements

at 31 March 2019

8. Tax (continued)

(b) Factors affecting total tax charge for the current period

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019	*2018*
	£	*£*
Profit on ordinary activities before tax	236,409	403,340
Tax on profit at standard UK tax rate of 19.00% (2018 – 19.00%)	44,918	76,635
Effects of:		
Adjustments in respect of prior years	(57,000)	-
Expenses not deductible	3,099	2,253
Tax rate changes	(1,170)	(1,274)
Group loss relief	-	(44,712)
Tax charge for the period (note 8(a))	(10,153)	32,902

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows:

	2019	*2018*
	£	*£*
Fixed Assets	(1,419)	(1,451)
Pension	(127,954)	(136,624)
	(129,373)	(138,075)

The deferred tax balance as at 31 March represents:

	£
At 1 April 2018	(138,075)
Deferred tax charge in income statement (note 8(a))	(9,942)
Deferred tax charge in statement of other comprehensive income	(1,241)
At 31 March 2019	(129,373)

(d) Factors that may affect future tax charges

From 1 April 2017 the UK Government introduced further reductions to the headline corporation tax rate to 19%, and legislation was introduced in the Finance Act 2016 to reduce the corporation tax rate further for the year starting 1 April 2020 to 17%.

Any deferred tax expected to reverse has been re-measured using the above rates.

Notes to the financial statements

at 31 March 2019

9. Dividends

	2019 £	2018 £
Paid during the year:		
Final dividend	372,000	348,213

10. Tangible fixed assets

	Furniture and fittings £	Machinery and equipment £	Total £
Cost:			
At 1 April 2018	20,872	20,904	41,776
Additions	-	2,126	2,126
Disposals	-	-	-
Balance at 31 March 2019	20,872	23,030	43,902
Depreciation:			
At 1 April 2018	(20,052)	(17,163)	(37,215)
Provided during the year	(233)	(2,322)	(2,555)
Balance at 31 March 2019	(20,285)	(19,485)	(39,770)
Net book value:			
At 31 March 2019	587	3,545	4,132
At 1 April 2018	820	3,741	4,561

11. Debtors

	2019 £	2018 £
Amounts falling due within one year		
Trade debtors	2,550,978	4,610,915
Other debtors	28,893	29,664
Prepayments and accrued income	113,597	144,646
Debtors amounts falling due within one year	2,693,468	4,785,225
Amounts falling due after more than one year		
Deferred tax asset	129,373	138,075
Debtors amounts falling due after more than one year	129,373	138,075
Total debtors	2,822,841	4,923,300

Notes to the financial statements

at 31 March 2019

12. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	2,245,260	4,264,187
Corporation tax	36,905	66,781
Accruals and deferred income	34,888	39,688
Other	2,090	2,090
Total creditors	2,319,143	4,372,746

13. Issued share capital

		2019		2018
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	200,000	200,000	200,000	200,000

14. Pensions

For some employees, the company operates a funded pension plan providing benefits for its employees based on final pensionable salary. The assets of the Fund are held in a separate trustee administered fund.

Under the defined benefit scheme, each member's pension at retirement is related to their pensionable service and final pensionable salary. The weighted average duration of the expected benefit payments from the scheme is around 21 years. The defined benefit scheme is operated from a trust, which has assets which are held separately from the company, and trustees who ensure the Fund's rules are strictly followed.

An actuarial valuation as at 31 March 2019 was performed at the accounting date by an independent qualified actuary in accordance with IAS 19. The company is one of several employers with employees in this scheme. The figures in this disclosure reflect the company's share of the Fund's liabilities.

The funding target is for the Fund to hold assets equal in value to the accrued benefits based on projected salaries. If there is a shortfall against this target, then the company and trustees will agree on deficit contributions. There is a risk to the company that adverse experience could lead to a requirement for the company to make additional contributions to recover future deficits that arise.

The company's treatment of actuarial gains and losses are to recognise them immediately through other comprehensive income.

Contributions are set based upon funding valuations carried out every three years; the next valuation is due to be carried out as at 31 March 2019. The estimated amount of total employer contributions expected to be paid to the Fund during 2019/20 accounting year is £79,600.

	2019	2018
	£	£
Opening net liabilities	(803,600)	(893,300)
Expense charged to profit and loss	(19,200)	(21,300)
Amount recognised outside of profit and loss	(7,300)	28,000
Employer contributions	77,500	83,500
Closing net liabilities	(752,600)	(803,600)

Notes to the financial statements

at 31 March 2019

14. Pensions (continued)

Movement in the net defined benefit obligation

Reconciliation of the present value of the defined benefit obligation

	2019	*2018*
	£	*£*
Present value of defined benefit obligation at beginning of year	2,787,300	2,821,400
Service cost (employer cost)	-	-
Interest cost	69,600	70,400
Members' contributions	-	-
Actuarial loss on scheme liabilities	(35,900)	(91,900)
Benefits paid	(8,900)	(12,600)
Present value of defined benefit obligation at end of year	2,916,600	2,787,300

Analysis of the defined benefit obligation

	2019	*2018*
	£	*£*
Present value of unfunded defined benefit obligation	-	-
Present value of funded defined benefit obligation	22,916,000	2,787,300

Reconciliation of fair value of scheme assets

	2019	*2018*
	£	*£*
Fair value of scheme assets at start of year	2,006,900	1,928,100
Interest on scheme assets	51,000	49,100
Actuarial gain / (loss) on scheme assets	187,600	(40,700)
Contributions by the company	77,500	83,000
Contributions by members	-	-
Benefits paid	(8,900)	(12,600)
Fair value of scheme assets at end of year	2,314,100	2,006,900

Notes to the financial statements

at 31 March 2019

14. Pensions (continued)

Amounts to be recognised in the balance sheet

	2019	*2018*
	£	*£*
Present value of funded obligation	(2,916,600)	(2,787,300)
Fair value of scheme assets	2,314,100	2,006,900
Deficit	(602,500)	(780,400)
Impact of asset ceiling	(150,100)	(23,200)
Net liability in balance sheet	(752,600)	(803,600)

Amounts to be recognised in the income statement

	2019	*2018*
	£	*£*
Current service cost	-	-
Net interest on net defined benefit liability	19,200	21,300
Total expense	19,200	21,300

Total amount recognised in other comprehensive income (OCI)

	2019	*2018*
	£	*£*
Actual return on scheme assets less interest on scheme assets	187,600	(40,700)
Impact of asset ceiling	(126,300)	(23,200)
Net actuarial gain/ (loss)	(68,600)	91,900
Actuarial gain/ (loss) recognised in OCI	(7,300)	28,000

Scheme assets

	Fair value at 31 March 2019	*% of asset*	*Fair value at 31 March 2018*	*% of asset*
	£		*£*	
Equities	882,200	38%	1,004,200	50%
Bonds	-	-	137,300	7%
Liability Driven Investments	974,500	42%		-
Absolute return funds	415,700	18%	386,600	19%
Gilts	-	-	427,000	21%
Others	41,100	2%	51,800	3%
Total scheme assets	2,314,100	100%	2,006,900	100%

Notes to the financial statements

at 31 March 2019

14. Pensions (continued)

Actual return on scheme assets

	2019	2018
	£	£
Actual return on scheme assets	238,600	8,400

Principal actuarial assumptions at the balance sheet date

	2019	2018
	%	%
Discount rate	2.40%	2.50%
Retail Price Index (RPI) inflation	3.30%	3.20%
Consumer Price Index (CPI) inflation	2.30%	2.20%
Pension increases linked to RPI inflation subject to a maximum of 5% pa:	3.10%	3.10%
Pension increases linked to CPI inflation subject to a maximum of 2.5% pa:	1.80%	1.80%
Life expectancy of male aged 65 in year of accounting date	22.6	22.7
Life expectancy of male aged 65 in year of accounting date + 20 years	24.0	24.4
Life expectancy of female aged 65 in year of accounting date	24.6	24.7
Life expectancy of female aged 65 in year of accounting date + 20 years	26.1	26.5

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the company next year is £79,600.

The employer's best estimate of contributions to be paid to the scheme by employees next year is £0.

Sensitivity of obligations to alternative assumptions

	2019	2019
Discount rate	+0.5%pa	+0.5%pa
Effect on defined benefit obligation of a 0.5% change	(331,100)	389,400
Price inflation	+0.5%pa	+0.5%pa
Effect on defined benefit obligation of a 0.5% change	306,700	(269,900)
Life expectancy	-1 year	-1 year
Effect on defined benefit obligation of a 1 year change	(110,600)	111,800

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice for example; a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Fund.

Notes to the financial statements

at 31 March 2019

15. Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

There are no other related party transactions to be disclosed.

16. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Marubeni Corporation, which is incorporated in Japan. Copies of Marubeni Corporation's financial statements, which represent the only group in which this company's financial statements are included, can be obtained from Marubeni Corporation's head office at Tokyo Nihombashi Tower, 7-1, Nihonbashi 2-Chome, Chuo-ku, Tokyo, 103-6060, Japan.

17. Events after the reporting period

No matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the company's operations, the result of those operations, or the company's state of affairs in future of financial years.