

Registered number: 4416133

TT ASSEMBLY SYSTEMS (UK) LIMITED

Annual report for the year ended 31 March 2017

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TT ASSEMBLY SYSTEMS (UK) LIMITED

Annual report for the year ended 31 March 2017

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Strategic report for the year ended 31 March 2017

The directors present their strategic report on the company for the year ended 31 March 2017.

Principal activities

The principal activity of the company is to assemble auto parts and provide logistic services to its customers.

Business review, future developments and key performance and indicators

The company made a loss on ordinary activities before taxation of -£0.7 million (2016: profit before taxation of £ 0.2 million).

The net book value of tangible fixed assets totalled £8.8 million (2016: £12.9 million).

Total shareholders amounted to £2.8 million (2016: £3.4 million), financed by £ 2.5 million (2016: £2.5 million) called up share capital.

The directors expect that the results will improve in the future.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other companies, resulting in strong downward price pressure, together with the volume uncertainty in vehicle manufacture of the major customer. The company has managed the above risk by the development of business with a major new customer.

On behalf of the Board



T Ishida
Managing Director

Date: 17 February 2018

Directors' report for the year ended 31 March 2017

The directors present their report and the audited financial statements of the company for the year ended 31 March 2017.

Future Developments

These are discussed in the business review in the strategic report on page 1.

Results and dividends

The Statement of income and retained earnings for the year is set out on page 6. The directors do not recommend the payment of a dividend (2016: nil).

Financial risk management policies

Financial controls within the company concern foreign exchange and credit risk. These are described in greater detail below:

- a) Foreign exchange risk. Foreign exchange transactions and foreign currency holdings are controlled in such a way as to minimise the company's exposure to exchange variances. Foreign exchange variances can be by transactional. Transactional variances are minimised by the purchase of forward forex contracts.
- b) Credit risk. Some sales are to Toyota group companies for which there is minimal risk. Credit checks are performed as appropriate for external customers to reduce the risk. For banks and financial institutions, only highly rated parties are accepted.

Directors

The directors of the company during the financial year and up to the date of signing this report, unless otherwise indicated, are listed below:

T Ishida
M Okada
M Storey
S Tada (Resigned 31st March 2017)
J Panes (Appointed 1st January 2017)
T Iwata (Appointed 1st April 2017)
E Sumino (Appointed 1st April 2017)

Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. The directors have also received assurances from the parent company, Toyota Tsusho U.K. Limited that financial support will be available if required for a period of at least 12 months from the date of approval of these financial statements. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Directors' report for the year ended 31 March 2017
(continued)****Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Disclosure of information to auditors

Each of the directors confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

On behalf of the Board



T. Ishida
Managing Director

Date: 7 February 2018

Independent auditors' report to the members of TT Assembly Systems (UK) Limited

Report on the financial statements

Our opinion

In our opinion, TT Assembly Systems (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 March 2017;
- the Statement of income and retained earnings for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Independent auditors' report to the members of TT
Assembly Systems (UK) Limited (continued)****Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Daniel Dennett (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
8 February 2018

TT ASSEMBLY SYSTEMS (UK) LIMITED

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Statement of income and retained earnings for the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	2	20,383,831	19,202,840
Cost of sales		<u>(18,135,568)</u>	<u>(16,368,329)</u>
Gross profit		2,248,263	2,834,511
Administrative expenses		<u>(2,843,466)</u>	<u>(2,511,060)</u>
Operating (loss)/profit		(595,203)	323,451
Interest receivable and similar income	3	4,084	7,311
Interest payable and similar expenses	4	<u>(94,903)</u>	<u>(140,940)</u>
(Loss)/profit on ordinary activities before taxation	7	(686,022)	189,822
Tax on (loss)/profit on ordinary activities	8	<u>97,879</u>	<u>(88,782)</u>
(Loss)/profit for the financial year	17,18	<u>(588,143)</u>	<u>101,040</u>
Retained earnings as at 1 April		851,391	750,351
Retained earnings as at 31 March		<u>263,248</u>	<u>851,391</u>

The above results relate to continuing operations.

TT ASSEMBLY SYSTEMS (UK) LIMITED

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Balance sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	<u>8,763,859</u>	<u>12,884,335</u>
		<u>8,763,859</u>	<u>12,884,335</u>
Current assets			
Stocks	11	150,123	138,962
Debtors (includes £116,064 (2016: £223,193)) due after more than one year	12	5,334,369	4,892,223
Cash at bank and in hand		<u>1,445</u>	<u>1,240</u>
		<u>5,485,937</u>	<u>5,032,425</u>
Creditors: amounts falling due within one year	13	<u>(5,149,815)</u>	<u>(6,340,899)</u>
Net current assets/(liabilities)		<u>336,122</u>	<u>(1,308,474)</u>
Total assets less current liabilities		<u>9,099,981</u>	<u>11,575,861</u>
Creditors: amounts falling due after more than one year	14	(6,000,000)	(8,000,000)
Provisions for liabilities	15	(336,733)	(224,470)
Net assets		<u>2,763,248</u>	<u>3,351,391</u>
Capital and reserves			
Called up share capital	16	2,500,000	2,500,000
Profit and loss account	17	263,248	851,391
Total shareholders' funds	18	<u>2,763,248</u>	<u>3,351,391</u>

The financial statements on pages 6 to 20 approved by the directors on 7 February 2018 and were signed on its behalf by:



T Ishida
Managing Director
7 February 2018

**Notes to the financial statements
for the year ended 31 March 2017****1. Accounting policies****General Information**

The principal activity of the company is to assemble auto parts and provide logistic services to its customers. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 6th Floor, 88 Wood Street, London, EC2V 7DA.

Statement of compliance

The financial statements of TT Assembly Systems (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. The directors have also received assurances from the parent company, Toyota Tsusho U.K. Limited that financial support will be available if required for a period of at least 12 months from the date of approval of these financial statements. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying member, the company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Notes to the financial statements for the year ended 31 March 2017 (continued)

1. Accounting policies (continued)

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Useful economic lives of intangible assets and tangible assets (Sections 9 and 10)

The annual amortisation or depreciation charge for intangible and tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of tangible assets and note 11 for the useful economic lives for each class of asset.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

Plant and machinery	4 - 10 years
Office equipment	4 years
Fixtures and furniture	4 - 15 years
IT equipment	4 years
Motor vehicles	4 years

The carrying values of tangible fixed assets are reviewed for impairment if events and changes in circumstances indicate carrying values may not be recoverable. No depreciation is charged on construction in progress. These assets will be transferred to the appropriate class of asset once construction is complete and depreciation will commence when those assets are available for use.

Intangible fixed assets

Costs of the intangible asset include the original purchase price of knowledge and expertise from Central Motor Wheel Company Ltd. for a specific production line. It has been valued in accordance with the purchase contract and is being amortised over ten years, being the estimated useful life of the project.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)****1. Accounting policies (continued)****Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate on the balance sheet date. Exchange differences on such items and on transactions completed in the ordinary course of business are dealt with in the statement of income and retained earnings.

Turnover

Turnover represents the value of services supplied excluding value added tax and trade discounts. The company recognises turnover when the amount of turnover can be reliably measured, it is probable that future economic benefits will flow to the entity and when the company has delivered products or services to the customers.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general cost is determined on a first-in first-out basis and includes transport and handling costs.

Net realisable value is determined as the estimated selling price less costs of disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Debtors

Debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of an inability to pay.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

1. Accounting policies (continued)

Pension costs

The company contributes to a defined contribution pension scheme on behalf of employees, the assets of which are held separately from those of the company in a group pension scheme. Contributions payable are charged to the profit and loss account in the year in which they are incurred.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

The company provides for dilapidations on leased properties, which represents the estimated cost to return those properties to their original condition at the end of the lease. The dilapidation expense is recognised over the period of the lease.

2. Turnover

Turnover represents the amounts charged for the assembly of auto parts and logistic services provided in the United Kingdom.

3. Interest receivable and similar income

	2017	2016
	£	£
Interest receivable - group undertakings	<u>4,084</u>	<u>7,311</u>

4. Interest payable and similar expenses

	2017	2016
	£	£
Interest payable - group undertakings	<u>94,903</u>	<u>140,940</u>
	<u>94,903</u>	<u>140,940</u>

5. Directors' emoluments

	2017	2016
	£	£
Directors' emoluments	<u>142,722</u>	<u>144,520</u>

The above amount is related to one director for his services for the company and was recharged from Toyota Tsusho U.K. Limited. The amount does not include the remaining directors who are remunerated directly from the parent company. These directors are also directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Retirement benefits are accruing to no (2016: no) director under a money purchase pension scheme.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

6. Employee information

The average monthly number of persons (including executive directors) employed by the company during the financial year was:

	2017	2016
	Number	Number
By activity		
Assembly and Logistics	148	132
General administration	31	26
	<u>179</u>	<u>158</u>
	2017	2016
	£	£
Staff costs		
Wages and salaries	4,985,161	4,405,829
Social security costs	619,319	537,891
Other pension costs	226,272	163,183
	<u>5,830,752</u>	<u>5,106,903</u>

7. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after (crediting)/charging:

	2017	2016
	£	£
Auditors' remuneration:		
- fees payable for the audit	17,260	30,896
Depreciation:		
- tangible fixed assets	3,886,389	3,737,275
Deferred customer contribution to capital expenditure	(924,353)	(924,353)
Operating lease charges:		
- land and buildings	1,435,525	1,260,871
(Loss)/profit on disposal of fixed assets	190	(1,800)
Foreign exchange loss	31,801	58,445
Impairment of trade receivables	-	27,849
	<u>-</u>	<u>27,849</u>

The total stock charged against operating (loss)/profit for the year was £1,234,721 (2016: £1,146,956).

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

8. Tax on (loss)/profit

(a) Analysis of charge for the financial year

	2017	2016
	£	£
Current tax:		
UK corporation tax on profit of the year	43,880	-
Total current tax	<u>43,880</u>	-
Deferred tax:		
Origination and reversal of timing differences	(180,143)	59,796
Effect on tax rate change	59,264	-
Adjustment in respect of previous year	<u>(20,880)</u>	<u>28,986</u>
Total deferred tax (note 12)	<u>(141,759)</u>	<u>88,782</u>
Tax on (loss)/profit	<u>(97,879)</u>	<u>88,782</u>

(a) Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher (2016: higher) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
(Loss)/profit before taxation	<u>(686,022)</u>	<u>189,822</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	(137,204)	37,964
Effects of:		
Non-deductible expenses	941	322
Capital allowances less than depreciation	-	102,510
Origination and reversal of timing differences	-	59,796
Adjustment in respect of previous year	(20,880)	28,986
Effect on tax rate change	59,264	-
Utilisation of losses	-	(140,796)
Total tax	<u>(97,879)</u>	<u>88,782</u>

Changes to the UK corporation tax rate were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

9. Intangible assets

	£
Cost	
At 1 April 2016 and at 31 March 2017	<u>350,000</u>
Accumulated amortisation	
At 1 April 2016	350,000
Charge for the year	<u>-</u>
At 31 March 2017	<u>350,000</u>
Net book amount	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>-</u>

The intangible asset was the purchase of knowledge and expertise of Central Motor Wheel Company Ltd engineers in TT Assembly Systems (UK) Limited. It was amortised over ten years.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**
10. Tangible assets

	Plant and machinery £	Office equipment £	Fixtures and furniture £	IT equipment £	Motor vehicles £	Total £
Cost						
At 1 April 2016	25,532,502	145,205	2,597,968	627,117	147,615	29,050,407
Adjustment	-	-	-	-	36,691	36,691
Additions	162,093	-	52,273	31,568	-	245,934
Impairment	-	-	-	-	-	-
Disposals	(550,786)	(946)	(6,610)	(45,606)	-	(603,948)
At 31 March 2017	<u>25,143,809</u>	<u>144,259</u>	<u>2,643,631</u>	<u>613,079</u>	<u>184,306</u>	<u>28,729,084</u>
Accumulated depreciation						
At 1 April 2016	14,167,189	80,761	1,336,877	465,236	116,009	16,166,072
Adjustment	-	-	-	-	29,554	29,554
Charge for the year	3,479,277	26,333	284,207	74,496	22,076	3,886,389
Eliminated on disposals	(63,818)	(848)	(6,610)	(45,514)	-	(116,790)
At 31 March 2017	<u>17,582,648</u>	<u>106,246</u>	<u>1,614,474</u>	<u>494,218</u>	<u>167,639</u>	<u>19,965,225</u>
Net book amount						
At 31 March 2017	<u>7,561,161</u>	<u>38,013</u>	<u>1,029,157</u>	<u>118,861</u>	<u>16,667</u>	<u>8,763,859</u>
At 31 March 2016	<u>11,365,312</u>	<u>64,444</u>	<u>1,261,091</u>	<u>161,881</u>	<u>31,606</u>	<u>12,884,335</u>

Plant and machinery includes construction in progress amounting to £31,092 (2016: £348,000), which relates to machinery not yet being used. This is not yet depreciated in line with the company's accounting policy stated in note 1.

11. Stocks

	2017 £	2016 £
Finished goods	<u>150,123</u>	<u>138,962</u>

The replacement cost of stock does not materially differ from the total amount shown.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

12. Debtors

	2017	2016
	£	£
Trade debtors	3,340,503	2,948,041
Amounts owed by group undertakings	342,623	579,716
Other debtors	223,200	330,336
Deferred tax assets	335,830	194,071
Prepayments and accrued income	1,092,213	840,059
	<u>5,334,369</u>	<u>4,892,223</u>

Amounts owed by group undertakings in the normal course of trade are unsecured, interest free and are repayable on demand. The company also has amounts owed by group undertakings which carry interest at floating rates based on LIBOR. Within other debtors is an amount due in more than one year of £116,057 (2016: £223,196). Trade debtors are stated after provisions for impairment of £nil (2016: £33,862).

Deferred tax	2017	2016
At 1 April	194,071	282,853
Charged to the statement of income and retained earnings	141,759	(88,782)
At 31 March	<u>335,830</u>	<u>194,071</u>

Deferred tax balance comprises:

Accelerated capital allowances	335,830	148,598
Losses	-	45,473
	<u>335,830</u>	<u>194,071</u>

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

13. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	668,681	499,688
Amounts owed to group undertakings	77,908	17,914
Derivative financial instruments	-	21,371
Other creditors	1,871,960	2,866,974
Taxation and social security	783,518	1,017,577
Corporation tax due	27,118	-
Accruals and deferred income	1,720,630	1,917,375
	<u>5,149,815</u>	<u>6,340,899</u>

Amounts owed to group undertakings are unsecured, interest free (except for borrowings through cash pooling) and have no fixed date of repayment.

14. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Amounts due to group undertakings	<u>6,000,000</u>	<u>8,000,000</u>

Amounts owed to group undertakings falling due after more than one year are unsecured, bear interest at the rate of 6 Month LIBOR + 0.7% and are due for repayment by 26th March 2019.

15. Provisions for liabilities

	Dilapidation £
1 April 2016	224,470
Provision received from previous tenant	65,000
Debited to the profit and loss account	<u>47,263</u>
31 March 2017	<u>336,733</u>

The dilapidation provision is the estimated cost for the 4 properties (2016:3) currently being leased.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

16. Called up share capital

	2017	2016
	£	£
Allotted and fully paid		
2,500,000 (2016: 2,500,000) ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

17. Profit and loss account

	2017	2016
	£	£
At 1 April	851,391	750,351
(Loss)/profit for the financial year	<u>(588,143)</u>	<u>101,040</u>
At 31 March	<u>263,248</u>	<u>851,391</u>

18. Total shareholders' funds

	2017	2016
	£	£
Opening shareholders' funds	3,351,391	3,250,351
(Loss)/profit for the financial year	<u>(588,143)</u>	<u>101,040</u>
Closing shareholders' funds	<u>2,763,248</u>	<u>3,351,391</u>

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

19. Operating lease commitments

At 31 March the company had commitments under non-cancellable operating leases expiring as follows:

	Land and buildings	
	2017	2016
	£	£
Within one year	1,394,814	1,216,641
Within two to five years	4,845,889	6,373,381
More than five years	<u>247,271</u>	<u>446,725</u>
	<u>6,487,974</u>	<u>8,036,747</u>

There is a difference between the operating lease commitment and the operating lease charge in the operating (loss)/profit note (note 7) due to the difference between recognising the lease cost over the term of the lease in line with the accounting policy stated in note 1 and the actual cash commitment.

20. Derivatives

The company had outstanding forward transactions to hedge foreign currencies which all mature within one year as follows:

	In currency		Sterling equivalents		Fair value	
	2017	2016	2017	2016	2017	2016
	€	€	£	£	£	£
Forward transactions:						
- to hedge future currency revenues in Euros	-	248,000	-	175,439	-	(21,371)

21. Pension commitments

The company has a defined contribution pension scheme. The assets of the scheme are held separately from those of the company, in an independently administered fund. Under a defined contribution scheme, benefits depend on the contribution levels and the emerging investment performance. The company contributions to this scheme in the year ended 31 March 2017 totalled £226,272 (2016: £163,183). At the end of this year, a contribution of £17,508 (2016: £35,381) was outstanding.

22. Immediate and ultimate parent company

The immediate parent company is Toyota Tsusho U.K. Limited, a company registered in the United Kingdom.

Toyota Tsusho Corporation (TTC) is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2017. The consolidated financial statements of Toyota Tsusho Corporation are available from 9-8 Meieki 4-Chome, Nakamura-ku, 450-8575 Nagoyo, Japan.

**Notes to the financial statements
for the year ended 31 March 2017 (continued)**

23. Related party transactions

The company is not 100% owned within Toyota Tsusho Corporation group. As a result the company cannot take advantage of the exemption under FRS 102 not to disclose related party transactions with entities that are part of the group.

The company purchased goods to the value of £nil (2016: nil) from Toyota Tsusho U.K. Limited, its parent company, during the year. The company paid management fees of £232,000 (2016: £96,650) to Toyota Tsusho U.K. Limited during the year. At the year end, balances due to/(due by) the company from/(to) Toyota Tsusho U.K. Limited were as follows:

	2017	2016
	£	£
Trading balances	(67,766)	95,988
Term loan	(6,000,000)	(8,000,000)
Cash pooling	335,478	483,728
	<u>(5,732,288)</u>	<u>(7,420,284)</u>

The company purchased goods to the value of £200,819 (2016: £118,893) from Stirchley Technical Services Limited, a fellow subsidiary company, during the year. At the year end, £20,856 was owed by the company to Stirchley Technical Services Limited. (2016: £9,992).

The company purchased goods to the value of £41,993 (2016: £90,502) from Toyota Tsusho Corporation, the ultimate parent company, during the year. At the year end, £nil was owed by the company to Toyota Tsusho Corporation (2016: £nil).

The company purchased services to the value of £139,319 (2016: £112,308) from Toyota Tsusho Europe S.A., a fellow sister company, during the year. At the year end, £nil was owed by the company to Toyota Tsusho Europe S.A. (2016: £nil).

The company purchased goods and services to the value of £93,589 (2016: £99,533) from the UK branch of TT Network Integration Europe GmbH, a fellow sister company, during the year. At the year end, £8,530 was owed by the company to TT Network Integration Europe GmbH (2016: £7,922).

The company purchased goods to the value of £2,896 (2016: £4,707) from Toyota Tsusho Machinery during the year. At the yearend, £443 was owed by the company to Toyota Tsusho Machinery (2016: £nil).