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YKK Europe Limited

Report and Financial Statements

31 March 2020

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Company Information

Directors

T Yamamoto
K Akita

Secretary

S Brown

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

Registered Office

7th Floor, Longbow House
14-20 Chiswell Street
London EC1Y 4TW

Directors' report

for the year ended 31 March 2020

The directors present their report and financial statements for the year ended 31 March 2020.

Results and dividends

The profit for the year after taxation amounted to £696,552 (2019 – loss of £1,069,817). The directors did not recommend a final dividend for the year (2019 – £nil).

Going concern

Having reviewed the company's operations, its financial position, liquid resources and borrowing facilities, together with the continuing strong performance of its ultimate parent (YKK Corporation) undertaking, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company is in a net current liability position of £1,728,551 as of 31 March 2020 (2019: Net current liability £1,909,584). Current liabilities is mostly composed of current loan payable to group undertakings amounting to £10,105,868, while the company's cash balance amounted to £4,537,617 as of 31 March 2020.

The company has also received an unconditional support letter from both the immediate and ultimate parent company to assist in meeting liabilities when they fall due to the extent money is not otherwise available to meet such liabilities. The support letter from the ultimate parent company also confirms that it has no plans to discontinue the business. The directors have taken account that YKK Corporation has cash of £1,237m at 31 March 2020, and continues to generate cash from operations

Therefore, after reviewing the company's forecast and projections, and having given due consideration to the continued support of the parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis of accounting in preparing its financial statements.

Directors

The directors who served the company during the year were as follows:

T Yamamoto
K Akita

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



K Akita
Director

Date: 21 July 2020

Strategic report

for the year ended 31 March 2020

Principal activity and review of the business

The principal activity of the company during the year was to provide co-ordination and consultancy services to other YKK group undertakings. The company will recover its costs by recharging them to other group undertakings.

The company is able to largely determine its own income by charging for its services on a cost plus basis to other group companies. The company is exposed to some foreign exchange risk in the normal course of business, principally on payment transactions with YKK group companies.

The company established a branch in Israel in 2017. Israel branch imports raw materials from YKK group companies in various different countries and assembles in the branch's factory. The product is then exported to customers in Egypt.

The company established a branch in Germany in 2019 for improved coordination of consultancy services and to reduce unforeseeable negative impact due to Brexit.

Financial performance review

	2020	2019	Change
	£000	£000	%
Turnover	30,167	27,742	9%
Operating profit / (loss)	2,121	(123)	1824%
Profit / (Loss) after tax	697	(1,070)	165%

The turnover is increased from previous financial year by 9%. The operating profit is increased by much higher percentage which is mainly due to increased operation efficiency and effective cost control measures.

Future Development

The company will strengthen the level of the overall management support to the sister companies in EMEA region providing strategic advice to manage the changes in the business environment as well as to enhance the risk management system. The company has established a new branch in Germany to further support the operation in EMEA region.

Principal risks and uncertainties

Liquidity risks

The company earns the majority of its revenue for the services it provides to its sister companies Therefore its revenue is dependent partly on the liquidity of its sister companies. YKK group remains in a healthy financial position, with adequate funding available, and so the liquidity risk to the company is considered to be minimal.

Strategic report (continued)

for the year ended 31 March 2020

Currency exchange risks

Some of the costs incurred by the company are incurred outside the United Kingdom, and therefore there is a risk that the exchange rates may differ from the rates expected when calculating the service charges. The company is also exposed to currency risk on its net investment in the new Israel branch. YKK Europe has adequate resources and funding available to cover these risks.

Brexit risk

Despite of ongoing post Brexit deal negotiation and its uncertainty, this will bring insignificant impact to the company as the main source of income and operations are service based. The establishment of a new branch in Germany effective April 2019 will bring more value in supporting EMEA region and to reduce unforeseeable negative impact towards the company.

COVID-19 risk

The spread of the coronavirus disease (COVID-19) has inflicted a major blow to the global economy. The company has adopted diversified working styles and introduced ever-evolving digital technology to minimise the risk to the company and its workforce.



K Akita
Director

Date: 21 July 2020

Statement of directors' responsibilities

for the year ended 31 March 2020

The directors are responsible for preparing the annual 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 Financial Reporting Standard FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and in accordance with applicable accounting standard and 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 for that period.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 auditors' report

to the members of YKK Europe Limited for the year ended 31 March 2020

Opinion

We have audited the financial statements of YKK Europe Limited for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 21, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 31 March 2020 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 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 1.2 of the financial statements, which describe the economic and social consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

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.

Independent auditors' report (continued)

to the members of YKK Europe Limited for the year ended 31 March 2020

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or 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.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities statement set out on page 5, 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.

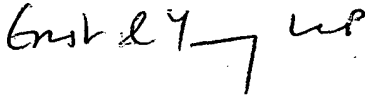
Independent auditors' report (continued)

to the members of YKK Europe Limited for the year ended 31 March 2020

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young' with a stylized flourish.

James Hilditch (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
21 July 2020

Statement of comprehensive income

for the year ended 31 March 2020

		2020	2019
	Notes	£	£
Turnover	2	30,166,752	27,741,633
Cost of sales		<u>(1,663,596)</u>	<u>(1,568,448)</u>
Gross profit		28,503,156	26,173,185
Administrative expenses		<u>(26,380,121)</u>	<u>(26,302,198)</u>
Operating income / (loss)	3	2,123,035	(129,013)
Income from investments		11,998	12,121
Interest receivable and similar income	7	8,360	12,410
Interest payable and similar charges	8	<u>(22,064)</u>	<u>(18,555)</u>
Profit / (Loss) on ordinary activities before taxation		2,121,329	(123,037)
Tax	9	<u>(1,424,777)</u>	<u>(946,780)</u>
Profit / (Loss) for the financial year		696,552	(1,069,817)
Other comprehensive income / (loss)		<u>58,794</u>	<u>(234,425)</u>
Total comprehensive income / (loss) for the year		<u><u>755,346</u></u>	<u><u>(1,304,242)</u></u>

Statement of changes in equity

for the year ended 31 March 2020

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2018	1,500,000	1,173,798	2,673,798
Loss for the financial year		(1,069,817)	(1,069,817)
Other comprehensive loss	-	<u>(234,425)</u>	<u>(234,425)</u>
At 31 March 2019	1,500,000	(130,444)	1,369,556
Profit for the financial year	-	696,552	696,552
Other comprehensive income		58,794	58,794
Total comprehensive income for the year	-	<u>755,346</u>	<u>755,346</u>
At 31 March 2020	<u>1,500,000</u>	<u>624,902</u>	<u>2,124,902</u>

Balance sheet

as at 31 March 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	10	469,682	608,563
Tangible assets	11	3,306,955	2,596,061
Investments	12	206,189	203,889
		<u>3,982,826</u>	<u>3,408,513</u>
Current assets			
Inventory	13	705,441	995,898
Debtors	14	5,755,255	5,055,160
Cash at bank		4,537,617	4,928,886
		<u>10,998,313</u>	<u>10,979,944</u>
Creditors: amounts falling due within one year	15	<u>(12,726,864)</u>	<u>(12,889,528)</u>
Net current liabilities		<u>(1,728,551)</u>	<u>(1,909,584)</u>
Total assets less current assets/(liabilities)		2,254,275	1,498,929
Provision for liabilities	16	<u>(129,373)</u>	<u>(129,373)</u>
Net assets		<u>2,124,902</u>	<u>1,369,556</u>
Capital and reserves			
Called up share capital	17	1,500,000	1,500,000
Profit and loss account		624,902	(130,444)
Shareholders' funds		<u>2,124,902</u>	<u>1,369,556</u>

These financial statements were approved by the Board of directors on 21 July 2020 and were signed on its behalf by:



K Akita

Director

Date: 21 July 2020

Notes to the financial statements

at 31 March 2020

1. Accounting policies

1.1 Statement of compliance

YKK Europe limited is a limited liability company incorporated in England. The Registered office is in London.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2020.

1.2 Basis of preparation

The financial statements of the company were approved for issue by the Board of Directors on 21 July 2020. The financial statements have been prepared in accordance with applicable accounting standards.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12 (a)(iv).
- (b) The requirements of Section 7 Statement of Cash flows and Section 3 Financial Statement Presentation paragraph 3.17 (d).
- (c) The requirements of Section 11 paragraphs 11.39 to 11.43A and Section 12 paragraphs 12.26 to 12.29 providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- (d) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company's financial statements are prepared in Sterling and all values are rounded to the nearest pound, except when otherwise indicated.

Going concern

Having reviewed the company's operations, its financial position, liquid resources and borrowing facilities, together with the continuing strong performance of its ultimate parent (YKK Corporation) undertaking, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company is in a net current liability position of £1,728,551 as of 31 March 2020 (2019: Net current liability £1,909,584). Current liabilities is mostly composed of current loan payable to group undertakings amounting to £10,105,868, while the company's cash balance amounted to £4,537,617 as of 31 March 2020.

The company has also received an unconditional support letter from both the immediate and ultimate parent company to assist in meeting liabilities when they fall due to the extent money is not otherwise available to meet such liabilities. The support letter from the ultimate parent company also confirms that it has no plans to discontinue the business. The directors have taken account that YKK Corporation has cash of £1,237m at 31 March 2020, and continues to generate cash from operations

Therefore, after reviewing the company's forecast and projections, and having given due consideration to the continued support of the parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis of accounting in preparing its financial statements.

1.3 Judgements and key sources of estimation uncertainty

The preparation of the 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

Notes to the financial statements

at 31 March 2020

actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments

The company has entered into commercial property leases as a lessee. The classification of such leases as operating leases requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The following are the company's key sources of estimation uncertainty:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the assets. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next year and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon 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 9.

1.4 Significant accounting policies

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Software licenses – 3-5 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ, the residual value, amortisation method or useful life shall be amended, Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Tangible fixed assets

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost included costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Notes to the financial statements

at 31 March 2020

Leasehold improvement	–	3-5 years
Computer systems	–	3-5 years
Furniture and equipment	–	3-5 years
Motor vehicles	–	3-5 years
Machinery	–	8 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investment in a subsidiary is held at historical cost less any applicable provision for impairment. The carrying value of investment is reviewed annually for impairment.

Inventory

Inventory is stated at the lower of cost incurred in bringing each product to its present location and condition, and the net realisable value. Net realisable value is based on the estimated selling price less any further cost expected to be incurred to completion and disposal.

Impairment of non-financial assets

A review for obsolescence is not performed due to the immaterial nature of inventory and no write-downs of inventory have been recognised to date. The difference between purchase price of inventories and the replacement cost is deemed to be immaterial.

Revenue recognition

Rendering services

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Sales of goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying amount.

Dividends

Revenue is recognised when the company's right to receive payment is established.

Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred tax

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 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:

Notes to the financial statements

at 31 March 2020

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the rate of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All the differences are taken to the income statement.

The assets and liabilities of overseas branch are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash at current bank accounts and in hand.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pensions

Certain employees of the company are members of the YKK (UK) Limited pension scheme, a defined benefit scheme operated by a fellow group company. This scheme was closed to accrual on 30 September 2011. Contributions are made to the scheme in accordance with actuarial advice and are charged to the profit and loss account so as to spread the cost of pensions over the anticipated period of service of the scheme members.

A full provision for the deficit in the scheme has been made in the financial statements of YKK (UK) Limited, who is the principal employer of the scheme.

The company also makes defined contributions to a group personal pension scheme on behalf of its employees. Contributions are charged to the profit and loss account in the period in which they become payable.

Notes to the financial statements

at 31 March 2020

2 Turnover

Turnover represents the invoiced amount of services provided and goods sold exclusive of VAT.

An analysis of turnover by geographical market is not disclosed because the directors believe it would be seriously prejudicial to the interest of the company.

	2020	2019
	£	£
Co-ordination and consultancy services	29,291,439	27,381,767
Product sales	875,313	359,866
	<u>30,166,752</u>	<u>27,741,633</u>

Notes to the financial statements

at 31 March 2020

3 Operating income / loss

This is stated after charging/ (crediting):

	2020	2019
	£	£
Amortisation of intangible assets	217,991	201,110
Depreciation of fixed assets	<u>975,322</u>	<u>797,925</u>
Operating lease rentals – land and buildings	693,875	662,069
– vehicles	55,057	73,690
Net (gain)/loss on foreign currency translation	<u>(219,660)</u>	<u>(250,649)</u>

4 Auditors' remuneration

	2020	2019
	£	£
Auditors' remuneration – audit of the financial statements	45,000	32,300
Non-audit services – taxation & others	69,897	87,662
	<u>114,897</u>	<u>119,962</u>

5 Directors' remuneration

	2020	2019
	£	£
Remuneration	<u>691,766</u>	<u>673,191</u>

The amounts in respect of the highest paid director are as follows:

	2020	2019
	£	£
Remuneration	<u>443,898</u>	<u>416,660</u>

Remuneration is born by YKK Corporation and recharged to the Company and contributions to pension schemes for directors are not separately identified.

6 Staff costs

	2020	2019
	£	£
Wages and salaries	14,500,521	15,372,950
Legal welfare	1,266,540	1,420,133
Other pension costs (note 18)	502,171	542,013
	<u>16,269,232</u>	<u>17,335,096</u>

Notes to the financial statements

at 31 March 2020

6 Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Co-ordination and development	73	80
Administration	27	27
Marketing	85	81
Manufacturing	12	15
	<u>197</u>	<u>203</u>

7 Interest receivable and similar income

	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Interest received	<u>8,360</u>	<u>12,410</u>

8 Interest payable and similar charges

	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Interest paid	<u>22,064</u>	<u>18,555</u>

9 Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Current tax:		
UK corporation tax on the profit for the year	53,232	-
Adjustments in respect of previous periods	<u>(53,232)</u>	<u>-</u>
	-	-
Foreign tax suffered	<u>1,657,512</u>	<u>946,780</u>
Total current tax	<u>1,657,512</u>	<u>946,780</u>
Deferred tax:		
Origination and reversal of timing differences	(117,962)	-
Adjustment in respect of previous periods	(129,167)	-
Effect of changes in tax rates	14,394	-
Total deferred tax	<u>(232,735)</u>	<u>-</u>
Total tax per income statement	<u>1,424,777</u>	<u>946,780</u>

Notes to the financial statements

at 31 March 2020

9 Tax (continued)

(b) The changes for the year can be reconciled to the profit per the income statement as follows:

	2020	2019
	£	£
Profit / (Loss) for the period – continuing operations	<u>2,121,329</u>	<u>(123,037)</u>
Tax on profit/(loss) at standard UK tax rate of 19.00% (2019: 19.00%)	403,053	(23,377)
<i>Effects of:</i>		
Disallowed expenses	93,480	95,026
Income not taxable	(36,740)	(2,303)
Effects of overseas tax rates	1,476,076	805,870
Adjustment from previous periods	(129,167)	-
Tax rate changes	14,394	-
Deferred Tax not recognised	(396,319)	71,564
Total tax for the year (note 9(a))	<u>1,424,777</u>	<u>946,780</u>

(c) Note to the accounts – balance sheet amounts

	31 March 2020	31 March 2019
	£	£
Current assets:		
Corporation tax	-	<u>78,616</u>
	-	<u>78,616</u>
Deferred tax assets:		
At start of year	-	-
Adjustment in respect of prior years	129,167	-
Deferred tax credit to income statement for the period	103,568	-
At end of year (note 14)	<u>232,735</u>	-

Notes to the financial statements

at 31 March 2020

9 Tax (continued)

	<i>31 March 2020</i>	<i>31 March 2019</i>
	£	£
Deferred tax amounts not recognised:		
Fixed assets timing differences	-	87,243
Timing differences – trading	-	5,506
Losses	-	403,451
	<u>-</u>	<u>496,200</u>

(d) Note to the accounts – balance sheet amounts

Due to legislative changes, the corporation tax rate has been reduced by 1% from 20% to 19% for the years starting the 1 April 2017, 2018 and 2019. The tax rate is remained the same at 19% for the year starting 1 April 2020.

10 Intangible fixed assets

	<i>Computer systems</i>
	£
Cost:	
At 1 April 2019	2,910,382
German branch acquired	9,351
Additions	78,966
Disposal	(62,930)
Foreign exchange translation	191
At 31 March 2020	<u>2,935,960</u>
Depreciation:	
At 1 April 2019	2,301,819
German branch acquired	9,351
Provided during the year	217,991
Disposal	(62,930)
Foreign exchange translation	47
At 31 March 2020	<u>2,466,278</u>
Net book value:	
At 31 March 2020	<u>469,682</u>
At 1 April 2019	<u>608,563</u>

Notes to the financial statements

at 31 March 2020

11 Tangible fixed assets

	<i>Leasehold improvement</i>	<i>Furniture and equipment</i>	<i>Machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 April 2019	1,854,085	2,110,456	2,545,284	-	6,509,825
German branch acquired	-	400,465	120,808	398,721	919,994
Additions	2,408	729,307	775,689	-	1,507,404
Disposal	-	(253,293)	(3,453)	(128,636)	(385,382)
Foreign exchange translation	14,218	6,095	4,133	-	24,446
At 31 March 2020	<u>1,870,711</u>	<u>2,993,030</u>	<u>3,442,461</u>	<u>270,085</u>	<u>8,576,287</u>
Depreciation:					
At 1 April 2019	886,910	1,564,928	1,461,926	-	3,913,764
German branch acquired	-	242,178	50,296	329,347	621,821
Provided during the year	218,970	387,809	332,106	36,437	975,322
Disposal	-	(121,215)	(2,310)	(121,058)	(244,583)
Foreign exchange translation	1,676	477	855	-	3,008
At 31 March 2020	<u>1,107,556</u>	<u>2,074,177</u>	<u>1,842,873</u>	<u>244,726</u>	<u>5,269,332</u>
Net book value:					
At 31 March 2020	<u>763,155</u>	<u>918,853</u>	<u>1,599,588</u>	<u>25,359</u>	<u>3,306,955</u>
At 1 April 2019	<u>967,175</u>	<u>545,528</u>	<u>1,083,358</u>	<u>-</u>	<u>2,596,061</u>

12 Investments

	Investments in group entities
	£
Cost and net book value:	
At 1 April 2019	203,889
Acquisition	<u>2,300</u>
At 31 March 2020	<u>206,189</u>

All investments are unlisted and consist of:

- 5% shareholding in the issued ordinary share capital of YKK Egypt S.A.E., a company registered in Egypt.
- 0.1% shareholding in the issued ordinary share capital of OOO YKK, a company registered in Russia.
- 0.99% shareholding in the issued ordinary share capital of Apparel Accessories Ethiopia Plc., a company registered in Ethiopia.

Notes to the financial statements

at 31 March 2020

13 Inventory

	2020	2019
	£	£
Raw materials	239,180	463,495
Work in progress	207,144	182,063
Goods in transit	92,790	-
Finished goods	166,327	350,340
	<u>705,441</u>	<u>995,898</u>

14 Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	4,468,550	4,085,934
Other debtors	277,910	382,392
Prepayments and deposits	776,060	508,218
Corporation tax refundable (note 9c)	-	78,616
Deferred taxation (note 9c)	232,735	-
	<u>5,755,255</u>	<u>5,055,160</u>

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	820,718	12,815
Amounts owed to group undertakings	10,105,868	11,558,174
Accruals and other payables	1,800,278	1,318,539
	<u>12,726,864</u>	<u>12,889,528</u>

16 Provision for liabilities

At 1 April 2019	129,373
Charged to income statement	-
Utilised	-
At 31 March 2020	<u>129,373</u>

A dilapidation provision has been recognised representing the amounts expected to be paid to the landlords of leased premises upon the expiry of the lease in 2020 & 2021.

Notes to the financial statements

at 31 March 2020

17 Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2020</i>		<i>2019</i>	
		<i>£</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	1,500,000	<u>1,500,000</u>	1,500,000	<u>1,500,000</u>	

18 Pensions

Certain employees of the company are members of the YKK (UK) Limited pension scheme, a defined benefit scheme operated by a fellow group company. This scheme was closed to accrual on 30 September 2011. Contributions are made to the scheme in accordance with actuarial advice and are charged to the profit and loss account so as to spread the cost of pensions over the anticipated period of service of the scheme members.

A full provision for the deficit in the scheme has been made in the financial statements of YKK (UK) Limited, who is the principal employer of the scheme.

The company also makes defined contributions to group personal pension schemes on behalf of its employees. Contributions are charged to the profit and loss account in the period in which they become payable.

Contributions for the year were £502,171 (2019 – £542,013) of which £31,477 (2019– £28,978) was outstanding at the year end.

19 Obligations under leases

The company has entered into commercial lease on its office, showroom and leased cars. The leases have an average of duration 3 years.

Future minimum rentals payable under non-cancellable operating leases as follows.

	<i>2020</i>		<i>2019</i>	
	<i>Buildings</i>	<i>Vehicles</i>	<i>Buildings</i>	<i>Vehicles</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts payable:				
Within one year	550,383	39,200	540,656	39,089
In two to five years	620,417	50,681	951,213	47,736
	<u>1,170,800</u>	<u>89,881</u>	<u>1,491,869</u>	<u>86,825</u>

20 Related party transactions

The company has taken advantage of the exemption under paragraph 33.1a of FRS102 not to disclose transactions with fellow wholly owned subsidiaries.

Notes to the financial statements

at 31 March 2020

21 Ultimate parent undertaking and controlling party

The immediate parent undertaking is YKK Holding Europe BV, a company incorporated in the Netherlands, which does not prepare group financial statements.

The smallest and largest group of undertakings for which group financial statements are prepared and of which the company is a member of YKK Corporation, a company incorporated in Japan, and which is considered to be the company's ultimate parent undertaking and controlling party.

Copies of the group financial statements of YKK Corporation can be obtained at 1, Kanda Izumi-cho, Chiyoda-ku, Tokyo 101-8642, Japan.