

Tamura-Europe Limited

Annual report

for the year ended 31 December 2011

Registered no: 463530

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Tamura-Europe Limited
Annual report
for the year ended 31 December 2011
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Directors and advisors

Directors
P J Cleary
S R Cursley
M Asada
N Nanjo

Secretary S Cursley

Registered office
Clarke Avenue
Porte Marsh Industrial Estate
Calne
Wiltshire
SN11 9BS

Auditors
PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Solicitors
TLT Solicitors LLP
One Radcliff Street
Bristol
BS1 6TP

Principal bankers
Bank of Tokyo-Mitsubishi UFJ
12 - 15 Finsbury Circus
London
EC2M 7BT

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal activities

The profit and loss account for the year is set out on page 6

The principal activity of the company is the manufacture and sale of transformers, wound components, battery chargers, power supplies and the assembly of switch boxes. The company has branch operations in the Czech Republic, France, India and Italy.

Business review and future developments

The results for the company show an operating loss of £3 239m (2010 Operating loss of £0 528m) for the year and sales of £43 9 million (2010 £40 8 million).

The external commercial environment has remained challenging throughout 2011. Tamura-Europe has endeavoured to meet some of the challenges presented in the market place in a number of ways.

The purchase of Romarsh Limited at the end of April 2010.

The company has amended its strategic focus to concentrate on large magnetic transformers. An opportunity has been perceived in the market place that will be supported by the skills and experience of the staff in the Italian office. The investment in development during the year means that Tamura-Europe Limited is well positioned to take advantage of any improvement in the market place.

The company's overriding objective is to obtain sustainable rates of growth and returns through either organic growth or acquisition. Whilst at the same time ensuring the company's working capital is managed effectively to ensure this objective is financially supported.

During 2012 Tamura Corporation, parent company of Tamura-Europe Limited increased its financial support for the company. In April 2012 it lent the company £2m with a term of 3 years and in July 2012 invested £2m in additional share capital.

The board monitors progress on the overall company strategy and the individual elements by reference to three key KPIs.

	2011	2010	Definition, method of calculation and analysis
Growth in sales	7.8%	3.7%	These figures do not however reveal the real progress that the company has made in combating the effects of the recession. Sales to new customers held up well, whereas sales to some established customers showed a decline.
Gross margin	12.3%	12.2%	Gross Margin is the ratio of gross profit before net operating expenses, exceptional items and goodwill amortisation to sales expressed as a percentage. Gross profit has remained largely similar to previous years reflecting more difficult trading conditions.
Stock turnover	5.6 times	6.0 times	Stock turn is the number of times cost of sales for the year is divisible by stock at the year-end adjusted for any exceptional items. This number has decreased this year as a result of more difficult trading conditions.

Post Balance sheet event - restructuring

On the 27 April 2010 Tamura-Europe Limited completed the acquisition of Romarsh Limited for a consideration of £ 6,200,000 Of the total consideration £546,290 has been deferred with the final payment due on 30 April 2013

On 9th November 2012 an announcement was made to the UK based staff of Romarsh Ltd and Tamura-Europe Limited that due to very tough and extremely challenging global trading conditions Tamura-Europe Limited had conducted a wide ranging and comprehensive study of all its activities including those of its branches and Subsidiaries The purpose of the study was to identify potential areas where operational efficiencies and functional rationalisation may be achieved

From the study came two independent proposals -

- 1 There should be a rationalisation of European manufacturing resources
- 2 That all business should be conducted under the name Tamura-Europe Limited

Following the announcement, the proposals are subject of consultation with staff

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, price risk, credit risk, liquidity risk, interest rate and cashflow risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs

Foreign exchange risks

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department

When considered appropriate the company enters into foreign currency forward contracts to manage the foreign currency profile and risk

Price risk

The company is exposed to commodity price risk as a result of its operations However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits The directors will revisit the appropriateness of this policy should the company's operations continue to change in size or in nature The company has no exposure to equity securities price risk as it holds no listed or other equity investments

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual customer is subject to a limit, which is reassessed on a regular basis by the board

Liquidity risk

The company has guarantees from its parent company to ensure the company has sufficient available funds for operations

Interest rate and cash flow risks

The company has interest bearing assets and liabilities, which include cash balances The company has a policy generally of maintaining any debt at fixed rates to ensure certainty of future interest cash flows The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year (2010 £nil)

Directors

The directors of the company during the year to 31 December 2011, and at the time of signing this report were

P J Cleary
M Asada
S R Cursley
N Nanjo

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements

Employee involvement

During 2011, the company continued the established pattern of communication and consultation with employees and their representatives. At appropriate times, the directors of the company hold joint meetings with managers, supervisors, and staff to review the overall state of the business.

Disabled persons

It is the company's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- make suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have considered the impact of the current economic environment on the company's future cash flows and its ability to meet liabilities as they fall due, taking account of financial support from the Company's Ultimate Parent Company if required, being a period of not less than 12 months from the date of approving the financial statements and are satisfied that it is appropriate to adopt the going concern basis.

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.

Auditors and disclosure of information to auditors

As far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

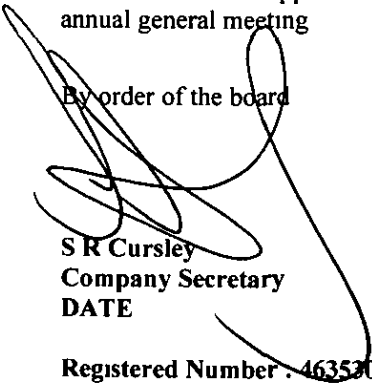
Each director has taken all the steps (such as making enquires of other directors and the auditors and any other steps required by the director's duty to exercise duty of care, skill and diligence) that he ought to have taken his

duty 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

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

By order of the board



S R Cursley
Company Secretary
DATE

Registered Number : 463530

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMURA EUROPE LIMITED

We have audited the financial statements of Tamura-Europe Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

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. In addition, we read all of the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Colin Bates
(Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

13 November 2012

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	43,950	40,765
Cost of sales		(38,546)	(35,774)
Gross profit		5,404	4,991
Distribution costs		(2,393)	(2,913)
Administration costs excluding exceptional items		(2,616)	(2,606)
Exceptional items	6	(3,909)	-
Operating (Loss)/Profit	5	(3,514)	(528)
Interest receivable and similar income		53	-
		(3,461)	(528)
Interest payable and similar charges	7	(347)	(271)
(Loss)/Profit on ordinary activities before taxation		(3,808)	(799)
Tax on (loss)/profit on ordinary activities		(115)	(650)
(Loss)/Profit on ordinary activities after taxation	20	(3,923)	(1,449)

All amounts above relate to continuing operations

Statement of total recognised gains and losses

	Notes	2011 £'000	2010 £'000
(Loss)/Profit for the financial year		(3,923)	(1,449)
Actuarial gain / (loss) on pension scheme	21	(1,449)	270
Movement on deferred tax relating to pension scheme		362	(94)
Total recognised losses relating to the year		(5,010)	(1,273)

There is no material difference between the loss on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

Balance sheet at 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed Assets			
Intangible Assets	10	-	2,483
Tangible assets	11	810	925
Investment in subsidiary	12	6,381	6,381
		7,191	9,789
Current Assets			
Stocks	13	6,889	5,976
Debtors	14	9,062	8,579
Cash at bank and in hand		1,159	2,713
		17,110	17,268
Creditors amounts falling due within one year	15	(17,403)	(16,170)
Net current (liabilities)/assets		(293)	1,098
Total assets less current liabilities		6,898	10,887
Creditors amounts falling due after more than one year	16	(3,300)	(3,300)
Net assets excluding pension liability		3,598	7,587
Pension Liability	21	(2,279)	(1,258)
Net Assets		1,319	6,329
Capital and Reserves			
Called up share capital	19	10,000	10,000
Profit and loss account	20	(8,681)	(3,671)
Total shareholders' funds	22	1,319	6,329

The financial statements were approved by the board of directors on 13/11/12 and were signed on its behalf by

Director

S. Cursley

Notes to the financial statements for the year ended 31 December 2011

1 Principal accounting policies

The financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards. A summary of more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention. Despite the losses incurred during the year and the tough trading conditions, the Directors have concluded that it is appropriate to prepare the accounts on a going concern basis due to the ongoing support by the parent company, Tamura Corporation.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied. Turnover is recognised when ownership of the goods passes to the customer.

Development Costs

Development costs are recognised as intangible assets when costs incurred can be distinguished separately from research costs and meet the criteria for capitalisation. Costs that cannot be separately identified as development costs are deemed to be research costs and are charged to the income statement as they are incurred. Annually, development costs that have been capitalised are reviewed to ensure that they will produce future economic benefits; otherwise they are impaired. Amortisation that is incurred is charged to the profit and loss account over the expected life.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

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 fixed useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	10% - 20%
Furniture, fixtures, tools and equipment	10% - 20%

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes material, direct labour and all attributable overheads appropriate to the relevant stage of production. Net realisable value represents the estimated amount at which stocks and work in progress will be realised after taking into account all relevant marketing, selling and distribution costs. Provision is made to adjust the value of stocks to net realisable value as appropriate for slow moving, obsolete and defective stock.

Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by Tamura Corporation and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'

Hedging activities

The company has entered into currency forward contracts to buy Euro and Japanese Yen to hedge the settlement of creditors. Unrealised gains/ losses are not recognised until the settlement of the contracts. There were no open contracts at the year end.

Fixed Asset Investments

Investments are stated at historic cost.

Retirement benefits

The company operates a defined benefit pension scheme which is contracted out of the state scheme. The difference between the present value of the defined benefit obligation at the balance sheet date less the fair value of pension assets is accounted for as defined benefit pension plan liability. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Management have assessed the significant assumptions adopted in calculating the defined benefit obligation ensuring the selection basis is appropriate and consistently applied.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions of the defined benefit obligation are recognised in the Statement of total recognised gains and losses immediately. Service costs, past service costs and interest costs are recognised immediately in the profit and loss account.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Consolidation exemption

The company is a wholly-owned subsidiary of Tamura Corporation and is included in the consolidated financial statements of Tamura Corporation which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

2 Turnover

The geographical destination analysis of turnover is as follows:

	2011	2010
	£'000	£'000
United Kingdom	3,359	2,601
European Union	33,682	33,051
USA	9	33
Rest of the world	6,900	5,080
	43,950	40,765

3 Directors' emoluments

The remuneration paid to the directors of Tamura Europe Limited was as follows

	2011	2010
	£'000	£'000
Aggregate emoluments	221	213

Information regarding the highest paid director is as follows

Emoluments	125	125
Pension contributions to Defined Benefit Scheme	-	-
The number of directors who are accruing benefits under the defined contribution scheme	2	2
The number of directors who are accruing benefits under the defined benefit scheme	-	-

4 Employee information

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

	2011	2010
	Number	Number
Production	270	281
Distribution and selling	18	16
Administration	15	15
	303	312

	2011	2010
	£'000	£'000
Staff Costs (for the above persons)		
Wages and salaries	4,543	3,974
Social security costs	767	1,094
Other pension costs	518	413
	5,828	5,454

5 OPERATING (LOSS)/PROFIT

Operating Profit is stated after charging the following

	2011 £'000	2010 £'000
Intangible Fixed Assets		
- Amortisation	-	118
- Impairment	3,872	-
Tangible Fixed Assets		
- Owned	280	312
Operating lease rentals		
- Land & Buildings	556	536
- Plant & Machinery	11	86
Auditors' remuneration		
- Audit services – For audit of company	47	27
- Other services pursuant to legislation	-	-
- Non-Audit services – Tax compliance	20	20
Remuneration received by auditors' member firms (non-UK)		
- Other services pursuant to legislation	20	36
- Non-Audit services – Tax compliance and other services	17	35
Gains and losses on foreign currency borrowings	384	1,942

6 Exceptional Items

Exceptional items primarily relate to the impairment of Intangible Assets and restructuring costs

7 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable on bank loans and overdrafts	238	142
Bank interest receivable	-	-
Other finance charges	109	129
	347	271

8 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable on bank	7	-
Dividend received in respect of Romarsh Limited	46	-
	53	-

9 Taxation

a) Analysis of charge in the year

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax on profits of the year	-	(82)
Foreign operation tax	25	40
Adjustment in respect of the previous year	22	-
Total current tax (credit) / charge	47	(42)
Deferred tax:-		
Current year	41	635
Adjustment in respect of prior periods	-6	
Impact of changes in the UK tax rate	33	57
Total deferred tax charge	68	692
Tax charge to profit on ordinary activities	115	650
Equity items		
Deferred Tax	(362)	(94)

b) Factors affecting tax charge for year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	(3,808)	(799)
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 26.49% (2010: 28%)	(1,009)	203
Effects of		
Expenses not deductible for tax purposes	9	14
Income not taxable	(7)	-
Accelerated capital allowances	3	(9)
Overseas tax suffered in excess of UK relief	25	40

Adjustments in respect of prior years	22	-
Tax losses not recognised	389	-
Other timing differences	615	(290)
Current tax for the year	47	(42)

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes enacted by Parliament on 26 March 2012 would be to reduce the deferred tax asset provided at the balance sheet date by £30,400. This £30,400 decrease in the deferred tax asset would reduce profit by £30,400. This decrease in the deferred tax asset is due to the additional reduction in the Corporation tax rate to 24 per cent with effect from 1 April 2012.

The effect of the changes enacted in the Finance Act 2012 would be to further reduce the deferred tax asset provided at the balance sheet date by an additional £30,400. This £30,400 decrease in the deferred tax asset would reduce profit by £30,400. This decrease in the deferred tax asset is due to the reduction in the Corporation tax rate from 24 per cent to 23 per cent with effect from 1 April 2013.

The proposed reduction of the main rate of Corporation tax to 22% from 1 April 2014 is expected to be enacted separately. The overall effect of the further change, if it applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £30,400.

10 Intangible Fixed Assets

	Development Costs £'000
Cost	
At 1 January 2011	2,601
Additions	1,389
Disposals	-
At 31 December 2011	3,990
Depreciation	
At 1 January 2011	118
Impairment charge for year	3,872
Disposals	-
At 31 December 2011	3,990
Net book value	
At 31 December 2011	-
At 31 December 2010	2,483

Capitalisation occurs when there is a clearly defined project, and the outcome of such a project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability considered in the light of factors such as likely market conditions (including competing products), public opinion, consumer and environmental legislation

Management have conducted an impairment review of intangible assets. Given the currently entity performance and uncertainty over its future performance the decision has been taken to impair intangible assets by their entirety.

The current policy of capitalisation will continue and be reviewed on an on-going, annual basis.

11 Tangible fixed assets

	Plant and machinery £'000	Furniture, fixtures, tools and equipment £'000	Total £'000
Cost			
At 1 January 2011	5,268	990	6,258
Additions	147	28	175
Disposals	(9)	-	(9)
At 31 December 2011	5,406	1,018	6,424
Depreciation			
At 1 January 2011	4,416	917	5,333
Charge for year	252	37	289
Disposals	(9)	-	(9)
At 31 December 2011	4,659	954	5,613
Net book value			
At 31 December 2011	747	64	810
At 31 December 2010	852	73	925

Management have conducted an impairment review of tangible fixed assets and are confident that the carrying value of these assets is supported and would be recoverable at net book value

12 Fixed Asset Investment

Shares in group undertaking	2011 £'000	2010 £'000
Beginning of Year	6,381	-
Additions in year	-	6,381
	6,381	6,381

On the 27 April 2010 Tamura-Europe Limited completed the acquisition of Romarsh Limited for a consideration of £6,200,000. Of the total consideration £546,290 has been deferred with the final payment due on 30 April 2013. The investment in the group undertaking is stated at cost.

Tamura-Europe holds all 63,936 ordinary, £1 shares

Romarsh Limited is a company registered in the UK at
Clark Avenue
Porte Marsh Industrial Estate
Calne
Wiltshire
SN11 9BS

The principle activities of Romarsh Limited are the provision of design services and the manufacture and marketing of industrial transformers and power conversion products

An impairment review of all assets has been undertaken by the Directors who have concluded that the carrying value of this fixed asset investment is supported by the trading position of Romarsh Limited and of its investment in a joint venture based in India

13 Stocks

	2011	2010
	£'000	£'000
Raw materials and consumables	6,228	4,762
Work in progress	228	285
Finished goods and goods for resale	433	929
	6,889	5,976

14 Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year		
Trade Debtors	7,856	7,843
Amounts due by group undertakings	331	206
Other debtors	696	365
Other taxation and social security	-	4
Corporation tax recoverable	129	82
Prepayments and accrued income	50	79
Deferred tax assets (note 14)	-	-
	9,062	8,579

Debtors: Amounts falling due within one year – continued

Provision for deferred tax asset comprises	2011 £'000	2010 £'000
Losses	25	696
Accelerated capital allowances	(25)	(33)
Other timing differences	(760)	(663)
Total asset within debtors	-	-
Pension related deferred tax asset	760	466

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Unrecognised deferred tax in the year was £nil (2010 £nil)

Analysis of movement in deferred tax asset

	£'000
1 January 2011	466
Deferred tax charge in P&L for period	(73)
Adjustment for prior years	5
Deferred tax charge in reserves/equity for period	362
Provision at end of period	760

15 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Bank Overdraft	7,289	6,868
Amounts due to group undertakings	2,927	3,482
Trade creditors	4,820	2,997
Other taxation and social security	179	208
Accruals and deferred income	2,188	2,615
	17,403	16,170

Currently there are no set repayment terms or interest being charged on the amounts due to group undertakings

16 Creditors: amounts falling after more than one year

	2011	2010
	£'000	£'000
Parent Company Loan	3,300	3,300
	3,300	3,300

17 Loans

An analysis of the maturity of bank loans is given below

	2011	2010
	£'000	£'000
Amounts falling due within one year or on demand		
Bank overdraft	7,289	6,868

18 Operating lease commitments

At 31 December 2011 the company has annual commitments under non-cancellable operating lease as follows

	2011		2010	
	Land & buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Expiring within one year	378	56	35	43
Expiring between two and five years inclusive	52	217	492	34
	<u>430</u>	<u>273</u>	<u>527</u>	<u>77</u>

19 Called up share capital

			2011 £'000	2010 £'000
Allotted, issued and fully paid				
Number 10,000	Class Ordinary	Nominal Value £1		
At 1 January			10,000	7,094
Allotted on acquisition of subsidiary			-	2,906
			<u>10,000</u>	<u>10,000</u>

All shares have equal voting rights, equal priority on winding up and equal rights to dividends. The 2,906,000 ordinary shares issued in 2010 relate to the acquisition of Romarsh Ltd.

20 Reserves

	Profit and Loss account £'000
At 1 January 2011	(3,671)
Loss for the financial year	(3,923)
Actuarial loss on pension scheme	(1,449)
Movement on deferred tax relating to pension assets	<u>362</u>
At 31 December 2011	<u>(8,681)</u>
Pension deficits	2,279

21 Employee benefit obligations

The company operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. On 11 December 2001, the defined benefit pension scheme was closed to new entrants. On 30 November 2009 the defined benefit pension scheme was closed to future accrual and all active members became deferred members.

Defined benefit scheme

An actuarial valuation of the Tamura Hinchley Ltd pension scheme using the projected unit basis was carried out at 31 December 2011 by Barnett Waddington, independent consulting actuaries. The major assumptions used by the actuary were:

	2011 %	2010 %
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	3.00	3.22
Discount rate	4.9	5.6
Rate of inflation	3.00	3.25

Having taken advice from the company's actuaries, the directors consider it appropriate to use a rate of inflation that is established by reference to the Bank of England targeted inflation rate.

The mortality assumptions used were as follows:

	2011 Years	2010 years
Longevity at age 45		
– Men	23.2	23.2
– Women	25.8	25.5
Longevity at age 65		
– Men	22.1	22.0
– Women	24.3	24.4

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected	Value at	Long-term rate of return expected	Value at
	31 December 2011 %	31 December 2011 £000	31 December 2010 %	31 December 2010 £000
Equities	7.8	4,477	6.45	5,054
Bonds	2.8	47	4.2	195
Cash	0.5	1,422	0.5	1,231
Total market value of assets		5,946		6,480
Present value of scheme liabilities		(8,985)		(8,204)
Deficit in scheme		(3,039)		(1,724)
Related deferred tax asset		760		466
Net pension deficit		(2,279)		(1,258)

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendment to FRS 17.

Pensions (continued)

Reconciliation of present value of scheme liabilities

	2011 £'000	2010 £'000
1 January	8,204	7,624
Past service cost	45	63
Interest cost	449	435
Contributions by Scheme participants	-	-
Benefits paid	(378)	(321)
Charges paid	(45)	-
Actuarial loss / (gain)	710	403
31 December	8,985	8,204

Reconciliation of fair value of scheme assets

	2011 £'000	2010 £'000
1 January	6,480	5,624
Expected return on scheme assets	340	306
Actuarial gains / (losses)	(739)	673
Benefits paid	(378)	(321)
Charges paid	(45)	-
Contributions paid by employer	288	198
Contributions by Scheme participants	-	-
31 December	5,946	6,480

Scheme assets do not include any of Tamura-Europe Limiter's own financial instruments, or any property occupied by Tamura-Europe Limited

The expected return on scheme assets is determined by considering the expected returns on the assets underlying the current investment policy. Expected yields on fixed asset interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return in the respective markets.

The actual return on scheme assets in the year was a deficit of £399,000 (2010 surplus of £979,000).

Analysis of the amount charged to profit or loss are as follows:

	2011 £'000	2010 £'000
Past service cost	45	63
Gain on curtailment of the scheme	-	-
Expected return on pension scheme assets	(340)	(306)
Interest on pension scheme liabilities	449	435
Total	154	192

The total past service cost of £45,000 (2010 £63,000) has been included within administrative expenses

Actuarial valuation

A report on a full actuarial valuation has been received by the Directors and the company is considering its contents

Amounts for current and previous five years:

	2011	2010	2009	2008	2007
Defined benefit obligation	(8,985)	(8,204)	(7,624)	(7,381)	(8,370)
Plan assets	5,946	6,480	5,624	4,712	6,026
Surplus/deficit	(3,039)	(1,724)	(2,000)	(2,669)	(2,344)
Experience adjustments on plan assets					
Amount (£'000)	(97)	60	646	(1,785)	169
Amount (£'000)	(739)	673	666	103	(458)
Total amount recognised in the statement of total recognised gains and losses:					
Amount (£'000)	(1,449)	270	701	(424)	333

22 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss)/Profit for financial year	(3,923)	(1,449)
Other recognised gains and losses relating to the year (net)	(1,087)	176
Increase in share capital	-	2,906
Net (reduction)addition to shareholders' funds	(5,010)	176
Opening shareholders' funds	6,329	4,696
Closing shareholders' funds	1,319	6,329

23 Financial instruments

The company had entered into currency forward contracts to buy Euro and Japanese Yen to hedge the settlement of creditors. However, there were no contracts outstanding at the yearend (2010 nil)

24 Related party transactions

The company has taken advantage of the exemptions available to it in paragraph 17 of Financial Reporting Standard 8 'Related party disclosures', not to disclose any transactions or balances with entities that are part of the Group or investees of the Group qualifying as related parties on the basis that greater than 90% of its voting rights are controlled within the group

There was no amount (2010 nil) owed to the company by any of the directors at 31 December 2011

25 Ultimate parent undertaking and control

The immediate parent undertaking is Tamura Corporation

The ultimate parent undertaking and controlling party is Tamura Corporation, a company incorporated in Japan

Tamura Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements of Tamura Corporation available from

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