

Tamura-Europe Limited

Annual report

for the year ended 31 December 2012

Registered no 463530



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30/09/2013

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Tamura-Europe Limited
Annual report
for the year ended 31 December 2012
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Directors and advisors

Directors M Asada
 N Nanjo
 T Shinonuma
 M Puliti

Secretary J Parker

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

Auditors
Ernst and Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

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 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activities

The profit and loss account for the year is set out on page 8

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 profit of £1.5 million (2011: loss of £3.5 million) for the year and sales of £42.9 million (2011: £44.0 million).

During 2012 Tamura Corporation, the 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.

On 9 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 were subject of consultation with staff, resulting from which it was decided to

- 1 Transfer all the trading assets and liabilities of Romarsh Limited to Tamura-Limited at 31 December 2012
- 2 Through a transfer of undertaking and protection of employment agreement all Romarsh employees were issued with Tamura-Europe limited contracts effective 1 January 2013
- 3 Rationalise the European manufacturing operations through a transfer of product between the two European manufacturing facilities. This process will lead to a planned reduction in UK staff levels of approximately 50 people
- 4 A provision of £490,000 has been made in the 2012 Financial Statements to cover restructuring costs

Following this rationalisation the company will be well positioned and suitably equipped to compete in the challenging commercial environment and return to profitable trading in 2013 and thereafter.

Directors' report for the year ended 31 December 2012 (continued)

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

	2012	2011	Definition, method of calculation and analysis
Growth in sales	-2.4%	7.8%	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	7.2%	12.3%	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	4.5 times	5.6 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 – deferred consideration

On 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 was deferred, with the final payment made on 30 April 2013.

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.

Directors' report for the year ended 31 December 2012 (continued)

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 (2011: £nil)

Directors

The directors of the company during the year to 31 December 2012, and at the time of signing this report were

P J Cleary (resigned 1 September 2013)

M Asada

N Nanjo

S R Cursley (resigned 30 June 2013)

T Shinonuma (appointed 1 July 2013)

M Puliti (appointed 1 July 2013)

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 2012, 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.

Directors' report for the year ended 31 December 2012 (continued)

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

Following an instruction from the ultimate parent undertaking and controlling part, The Tamura Corporation, a company incorporated in Japan, to use the same auditor, Ernst and Young LLP were appointed for 2012

By order of the board



Company Secretary

Date:

J PARKER
30/9/2013

Registered Number : 463530

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMURA EUROPE LIMITED

We have audited the financial statements of Tamura-Europe Limited for the year ended 31 December 2012 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 pages 5-6 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 2012 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

Ernst & Young LLP

Paul Mapleston

(Senior Statutory Auditor)

For and on behalf of Ernst and Young LLP, Statutory Auditor
Bristol

Date *30 September 2013*

Profit and loss account for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	42,906	43,950
Cost of sales		(39,684)	(38,546)
Gross profit		3,222	5,404
Distribution costs		(2,618)	(2,393)
Administration costs excluding exceptional items		(2,322)	(2,616)
Exceptional items	6	3,214	(3,909)
Operating Profit/(Loss)	5	1,496	(3,514)
Interest receivable and similar income		-	53
		1,496	(3,461)
Interest payable and similar charges	7	(30)	(347)
Profit/(Loss) on ordinary activities before taxation		1,466	(3,808)
Tax on profit/(loss) on ordinary activities		(1,189)	(115)
Profit/(Loss) on ordinary activities after taxation	21	277	(3,923)

All amounts above relate to continuing operations

Statement of total recognised gains and losses

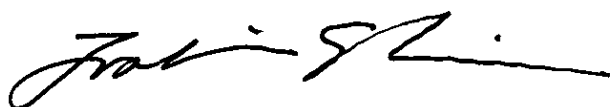
	Notes	2012 £'000	2011 £'000
Profit/(Loss) for the financial year		277	(3,923)
Actuarial loss on pension scheme	22	(739)	(1,449)
Movement on deferred tax relating to pension scheme		194	362
Total recognised losses relating to the year		(268)	(5,010)

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 2012

	Notes	2012 £'000	2011 £'000
Fixed Assets			
Intangible Assets	10	4,972	-
Tangible assets	11	1,647	810
Investment in subsidiary	12	6,381	6,381
		13,000	7,191
Current Assets			
Stocks	13	8,769	6,889
Debtors	14	11,672	9,062
Cash at bank and in hand		173	1,159
		20,614	17,110
Creditors amounts falling due within one year	15	(19,233)	(17,403)
Net current assets/(liabilities)		1,381	(293)
Total assets less current liabilities		14,381	6,898
Creditors amounts falling due after more than one year	16	(7,769)	(3,300)
Provision for Liabilities	18	(771)	-
Net assets excluding pension liability		5,841	3,598
Pension Liability	22	(2,790)	(2,279)
Net Assets		3,051	1,319
Capital and Reserves			
Called up share capital	20	12,000	10,000
Profit and loss account	21	(8,949)	(8,681)
Total shareholders' funds	23	3,051	1,319

The financial statements were approved by the board of directors on 30/9/13 and were signed on its behalf by



Director

T SHINONUMA

Notes to the financial statements for the year ended 31 December 2012

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 on-going 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.

Notes to the financial statements for the year ended 31 December 2012 (continued)

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.

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 Turnover

The geographical destination analysis of turnover is as follows

	2012	2011
	£'000	£'000
United Kingdom	2,726	3,359
European Union	32,078	33,682
USA	338	9
Rest of the world	7,764	6,900
	42,906	43,950

3 Directors' emoluments

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

	2012	2011
	£'000	£'000
Aggregate emoluments	215	221
Information regarding the highest paid director is as follows		
Emoluments	126	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

	2012	2011
	Number	Number
Production	271	270
Distribution and selling	19	18
Administration	18	15
	308	303

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Employee information (continued)

	2012	2011
	£'000	£'000
Staff Costs (for the above persons)		
Wages and salaries	3,751	4,543
Social security costs	1,062	767
Other pension costs	759	518
	5,572	5,828

5 Operating (loss)/profit

Operating Profit is stated after charging the following

	2012	2011
	£'000	£'000
Intangible Fixed Assets		
- Amortisation	87	-
- Impairment	-	3,872
Tangible Fixed Assets		
- Owned	217	280
Operating lease rentals		
- Land & Buildings	552	556
- Plant & Machinery	84	11
Auditors' remuneration		
- Audit services – for audit of company	55	47
- Non-Audit services – Tax compliance	7	20
Remuneration received by auditors' member firms (non-UK)		
- Other services pursuant to legislation	4	20
- Non-Audit services – Tax compliance and other services	29	17
(Gains)/losses on foreign currency borrowings	(171)	384

6 Exceptional Items

Exceptional items primarily relate to the re-introduction of Intangible Assets and the provision of restructuring costs. 2011 relates to impairment of Intangible Assets and restructuring costs.

In 2011 Management conducted an impairment review of intangible assets and given the entity's performance and uncertainty over its future performance the decision was taken to impair intangible assets by their entirety.

In 2012 Management conducted a review of intangible assets. Looking at the restructuring plans under way and the positive future for the entity, a decision was taken to revalue intangible assets previously impaired in full resulting in additions to the balance sheet at the year end.

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on bank loans and overdrafts	247	238
Bank interest receivable	-	-
Other finance charges	(217)	109
	30	347

8 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable on bank	-	7
Dividend received in respect of Romarsh Limited	-	46
	-	53

9 Taxation

a) Analysis of charge in the year

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax on profits of the year	25	-
Adjustment in respect of the previous year	160	22
	185	22
Double taxation relief	(25)	-
	160	22
Foreign operation tax	53	25
Total current tax (credit) / charge	213	47
Deferred tax:-		
Current year	922	35
Impact of changes in the UK tax rate	54	33
Total deferred tax charge	976	68
Tax charge to profit on ordinary activities	1,189	115

Notes to the financial statements for the year ended 31 December 2012 (continued)

a) Analysis of charge in the year (continued)

Equity items

Deferred Tax	(194)	(362)
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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

	2012 £'000	2011 £'000
Profit/(Loss) on ordinary activities before taxation	1,466	(3,808)
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011: 26.49%)	359	(1,009)
Effects of		
Expenses not deductible for tax purposes	2	9
Income not taxable	-	(7)
Accelerated capital allowances	3	3
Overseas tax suffered in excess of UK relief	-	25
Adjustments in respect of prior years	163	22
Tax losses not recognised	620	389
Pension provision	(51)	-
Other timing differences	(883)	615
Current tax for the year	213	47

c) Factors affecting future tax charges

The Finance Act 2012, enacted on 19 July 2012, reduced the main rate of corporation tax to 24% from 1 April 2012 and to 23% from 1 April 2013. Hence, deferred tax has been restated at 23% on the financial statements.

The UK Government has proposed further reductions in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. The effect of these announced reductions on the company's deferred tax balance is not material.

The UK Government has also proposed to increase the Annual Investment Allowance available for the fixed asset additions to £250,000 for a period of 2 years from 1 January 2013. These changes have not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Intangible Fixed Assets

	Development Costs £'000
Cost	
At 1 January 2012	-
Additions	1,081
Transfer of intangibles from Romarsh Ltd	1,268
Revision of impaired assets	2,710
Disposals	-
At 31 December 2012	5,059
Depreciation	
At 1 January 2012	-
Depreciation charge for year	87
Disposals	-
At 31 December 2011	87
Net book value	
At 31 December 2012	4,972
At 31 December 2011	-

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

In 2011 Management conducted an impairment review of intangible assets and given the entity's performance and uncertainty over its future performance the decision was been taken to impair intangible assets by their entirety

In 2012 Management conducted a review of intangible assets. Looking at the restructuring plans under way and the positive future for the entity, a decision was taken to revalue intangible assets previously impaired in full resulting in additions to the balance sheet at the year end

As at 31 December 2012 all trading assets and liabilities were transferred from Romarsh Ltd as part of the Group restructuring

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

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Tangible fixed assets

	Plant and machinery £'000	Furniture, fixtures, tools and equipment £'000	Total £'000
Cost			
At 1 January 2012	5,406	1,018	6,424
Additions	363	43	406
Transfer of assets from Romarsh Ltd	610	53	663
Disposals	(863)	(18)	(881)
At 31 December 2012	5,516	1,096	6,612
Depreciation			
At 1 January 2012	4,659	954	5,613
Charge for year	179	38	217
Disposals	(847)	(18)	(865)
At 31 December 2012	3,991	974	4,965
Net book value			
At 31 December 2012	1,525	122	1,647
At 31 December 2011	747	64	810

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

As at 31 December 2012 all trading assets and liabilities were transferred from Romarsh Ltd as part of the Group restructuring, the assets transferred are shown above

12 Fixed Asset Investment

Shares in group undertaking	2012 £'000	2011 £'000
Beginning of Year	6,381	6,381
Additions in year	-	-
	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 was been deferred with the final payment was paid on 30 April 2013. The investment in the group undertaking is stated at cost

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Fixed Asset Investment (continued)

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

As at 31 December 2012 all trading assets and liabilities of Romarsh Ltd were transferred to Tamura-Europe Ltd. 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 its future earnings from the investment in a joint venture based in India

13 Stocks

	2012	2011
	£'000	£'000
Raw materials and consumables	7,085	6,228
Work in progress	1,053	228
Finished goods and goods for resale	631	433
	8,769	6,889

14 Debtors

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade Debtors	10,802	7,856
Amounts due by group undertakings	-	331
Other debtors	697	696
Corporation tax recoverable	9	129
Prepayments and accrued income	164	79
	11,672	9,062

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Debtors (continued)

Debtors: Amounts falling due within one year – continued

Provision for deferred tax asset comprises	2012 £'000	2011 £'000
Losses	(390)	25
Accelerated capital allowances	80	(25)
Other timing differences	310	(760)
Total asset within debtors	-	-
Pension related deferred tax asset	834	760
Deferred tax liability (note 16)	(834)	-

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 (2011 £nil).

Analysis of movement in deferred tax asset

	£'000
1 January 2012	760
Deferred tax charge in P&L for period	(976)
Adjustment for prior years	22
Deferred tax charge in reserves/equity for period	194
Provision at end of period	-

15 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank overdraft (note 17)	6,662	7,289
Amounts due to group undertakings	2,950	2,927
Trade creditors	6,928	4,820
Other taxation and social security	42	179
Accruals and deferred income	2,651	2,188
Total	19,233	17,403

Included within Creditors bank overdraft are debt factoring advances of £835,986 in respect of the transfer of assets and liabilities from Romarsh Ltd as at 31 December 2012. This amount was settled in full during January 2013.

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

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Creditors: amounts falling after more than one year

	2012	2011
	£'000	£'000
Parent Company Loan	5,300	3,300
Amounts owed to Group undertakings	1,635	-
Deferred taxation	834	-
	<u>7,769</u>	<u>3,300</u>

17 Loans

An analysis of the maturity of bank loans is given below

	2012	2011
	£'000	£'000
Amounts falling due within one year or on demand		
Bank overdraft	5,826	7,289
Debt factoring advances	<u>836</u>	<u>-</u>

As at 31 December 2012 all trading assets and liabilities of Romarsh Ltd were transferred to Tamura-Europe Ltd. The factoring arrangement with Barclays Sales Financing in respect of Romarsh Ltd was settled in full during January 2013.

18 Provision for liabilities

	2012	2011
	£'000	£'000
Other Provisions	771	-
	<u>771</u>	<u>-</u>

Included in the 2012 financial statements is a full provision relating to the amicable settlement with a Romarsh Ltd customer following a long standing dispute. This amount was recorded in the financial statements of Romarsh Ltd for 2011.

Notes to the financial statements for the year ended 31 December 2012 (continued)

19 Operating lease commitments

At 31 December 2012 the company has annual commitments under non-cancellable operating lease as follows

	2012		2011	
	Land & buildings	Other	Land & buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	387	-	378	56
Expiring between two and five years inclusive	197	167	52	217
Expiring over five years	165	-	-	-
	749	167	430	273

20 Called up share capital

		2012	2011
		£'000	£'000
Allotted, issued and fully paid			
Number	Class		
12,000,000	Ordinary		
Nominal Value			
£1			
At 1 January		10,000	10,000
Additions		2,000	-
		12,000	10,000

All shares have equal voting rights, equal priority on winding up and equal rights to dividends

During the year, 2,000,000 ordinary shares were issued at par for cash

21 Reserves

	Profit and Loss account
	£'000
At 1 January 2012	(8,681)
Profit for the financial year	277
Actuarial loss on pension scheme	(739)
Movement on deferred tax relating to pension assets	194
At 31 December 2012	(8,949)

Notes to the financial statements for the year ended 31 December 2012 (continued)

22 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:

	2012 %	2011 %
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	2.4	3.00
Discount rate	4.3	4.9
Rate of inflation	2.9	3.00

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:

	2012 Years	2011 years
Longevity at age 45		
– Men	22.2	23.2
– Women	24.4	25.8
Longevity at age 65		
– Men	23.5	22.1
– Women	25.9	24.3

Notes to the financial statements for the year ended 31 December 2012 (continued)

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

	Long-term rate of return expected	Value at 31 December 2012	Long-term rate of return expected	Value at 31 December 2011
	31 December 2012 %	31 December 2012 £000	31 December 2011 %	31 December 2011 £000
Equities	6.7	5,099	7.8	4,477
Bonds	2.7	1,700	2.8	47
Cash	0.5	24	0.5	1,422
Total market value of assets		6,823		5,946
Present value of scheme liabilities		(10,447)		(8,985)
Deficit in scheme		(3,624)		(3,039)
Related deferred tax asset		834		760
Net pension deficit		(2,790)		(2,279)

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

Reconciliation of present value of scheme liabilities

	2012 £'000	2011 £'000
1 January	8,985	8,204
Past service cost	-	45
Interest cost	435	449
Contributions by Scheme participants	-	-
Benefits paid	(222)	(378)
Charges paid	(55)	(45)
Actuarial loss / (gain)	1,304	710
31 December	10,447	8,985

Reconciliation of fair value of scheme assets

	2012 £'000	2011 £'000
1 January	5,946	6,480
Expected return on scheme assets	326	340
Actuarial gains / (losses)	510	(739)
Benefits paid	(222)	(378)
Charges paid	(55)	(45)
Contributions paid by employer	318	288
Contributions by Scheme participants	-	-
31 December	6,823	5,946

Notes to the financial statements for the year ended 31 December 2012 (continued)

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 gain of £510,000 (2011: deficit of £739,000)

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

	2012 £'000	2011 £'000
Past service cost	-	45
Gain on curtailment of the scheme	-	-
Expected return on pension scheme assets	(326)	(340)
Interest on pension scheme liabilities	435	449
Total	109	154

The total past service cost of £55,000 (2011: £45,000) has been included in administration 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:

	2012	2011	2010	2009	2008
Defined benefit obligation	(10,447)	(8,985)	(8,204)	(7,624)	(7,381)
Plan assets	6,823	5,946	6,480	5,624	4,712
Surplus/deficit	(3,624)	(3,039)	(1,724)	(2,000)	(2,669)
Experience adjustments on plan assets					
Amount (£'000)	(380)	(97)	60	(646)	(1,785)
Amount (£'000)	510	(739)	673	666	103

Total amount recognised in the statement of total recognised gains and losses

Amount (£'000)	(739)	(1,449)	270	701	(424)
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Notes to the financial statements for the year ended 31 December 2012 (continued)

23 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit/(Loss) for financial year	277	(3,923)
Other recognised gains and losses relating to the year (net)	(545)	(1,087)
Increase in share capital	2,000	-
Net increase/(reduction) to shareholders' funds	1,732	(5,010)
Opening shareholders' funds	1,319	6,329
Closing shareholders' funds	3,051	1,319

24 Hive up of subsidiary

On 31 December 2012 the trade and assets of Romarsh Limited were hived up into the company

The transaction is summarised as follows -

	Total £'000
Intangible fixed assets	1,268,247
Tangible fixed assets	663,240
Stocks	1,241,122
Debtors	2,035,750
Cash/(Overdraft)	(662,705)
Creditors	(2,139,966)
Provision for liabilities	(771,133)
Total	1,634,555

The intercompany amount payable to Romarsh Limited for the net assets transferred is included within Creditors falling due after more than one year in note 16

24 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 (2011: nil)

25 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 (2011 nil) owed to the company by any of the directors at 31 December 2012

Notes to the financial statements for the year ended 31 December 2012 (continued)

26 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 2012. The consolidated financial statements of Tamura Corporation available from

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