

Tamura-Europe Limited

Annual report and financial statements
for the year ended 31 December 2014

Registered no: 463530

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Tamura-Europe Limited

Annual report and financial statements for the year ended

31 December 2014

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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 Calne Wiltshire SN11 9BS
Auditors	Ernst and Young LLP The Paragon Counterslip Bristol BS1 6BX
Solicitors	TLT Solicitors LLP One Redcliff Street Bristol BS1 6TP
Principal bankers	Bank of Tokyo-Mitsubishi UFJ 12 - 15 Finsbury Circus London EC2M 7BT

Strategic report for the year ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

The principal activity of the company continued to be 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 key financial and other performance indicators results during the year were as follows:

	2014	2013
	€'000	€'000
Turnover	64,430	70,596
Operating (loss)/profit	(442)	6
(Loss)/profit after tax	(3,133)	810
	2014	2013
	€'000	€'000
Reconciliation of normalised operating profit		
Operating (loss)/profit	(442)	6
Add back intangible amortisation & impairment	1,882	1,988
Less intangible additions	-	(1,666)
Normalised operating profit	1,440	328

The profit and loss account for the year is set out on page 11.

The results for the company show an operating loss of €(0.442) million (2013: profit of €0.006 million) for the year and sales of €64.4 million (2013: €70.6 million).

The reduction in revenue from 2013 can be attributed primarily to one major customer following a change in its purchasing policy of material purchased from the company to free issue supplied material by customer. Operating margin remains the same, together with further reductions in expenses (i.e. freight and import duty costs). In addition the business has also benefited from the reduction in €3.5 million of inventory and warehousing space used.

The business continues to focus on the transition to higher technology products over the next few years, which is a growing area to the business and will look to restructure existing contractual arrangements. During the year the business incurred additional rationalisation costs associated to this transition. At the end of 2014 the company started to realise the benefits of the rationalisation undertaken.

Normalised operating profit increased to €1.44 million (2013: 0.328 million). The operational and functional efficiencies realised from the 2013 rationalisation programme has resulted in significant reductions in headcount and employee overheads as set out in note 4.

Interest payable includes charges of €1.938m relating to foreign exchange losses (2013: gain of €1,190m). This was caused by the weakening of the Euro against the British Pound and U.S. Dollar. In the previous year gains of €1.190 million were recognised due to movements of Euro against the Japanese Yen.

Strategic report for the year ended 31 December 2014 (continued)

The company's defined benefit pension scheme has had also significant impact in 2014, attributed partly from volatile global financial markets, RPI and CPI inflation rate performance, including declines in the corporate bond index yields over the year. The effect of this has been to reduce the discount rate from 4.6% to 3.6% leading to increase in the present value of the schemes liabilities, offset partially by reductions of 0.5% in the RPI and CPI inflation assumptions. The effect of this is seen in the Statement of Total Recognised Gains and Losses as an actuarial loss on pension scheme of €1.44 million (2013: 0.39 million gain).

The Directors believe the company is well positioned and suitably equipped to compete in a challenging commercial environment and return to profitability in 2015 and thereafter.

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

	2014	2013	Definition, method of calculation and analysis
Sales performance	(8.7%)	34.1%	During the year a significant customer changed to a free issue supplied materials basis. This led to a reduction of sales revenue but no detriment to margin. Sales in other areas have grown by 11% compared to the previous period.
Gross margin	15.7%	12.8%	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 improved as a result of operational efficiencies realised from the rationalisation project.
Stock turnover	6.5 times	4.8 times	Stock turnover is the number of times material cost of sales for the year is divisible by stock at the year-end adjusted for any exceptional items. Stock turns have improved as a result of targeted inventory reduction, coinciding with a reduction in materials of €3.5m from one customer going to free issue supplied materials. In addition to seeing like for like growth in sales compared to the previous period.

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 cash flow 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. Working capital is actively managed to mitigate risk from foreign exchange. The policies set by the board of directors are implemented by the company's finance department.

The directors will consider entering into foreign currency forward contracts to manage the foreign currency profile and risk where appropriate. No contracts were entered into during the current or previous year.

Strategic' report for the year ended 31 December 2014 (continued)

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.

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.

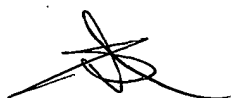
Liquidity risk

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.

By order of the board



J Parker
Company Secretary

Date:

27/03/15

Registered Number: 463530

Directors' report for the year ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31st December 2014

Directors

The directors shown below have held office during the year to 1 January 2014 to the date of this report:

M Asada

N Nanjo

T Shinonuma

M Puliti

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year (2013: £nil).

Employee involvement

During 2014, 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 consistency;
- 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.

Directors' report for the year ended 31 December 2014 (continued)

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 aware of that information.

Auditors

The auditors, Ernst & Young LLP, were proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the board



J Parker

Company Secretary

Date:

27/03/15

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 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. 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).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

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 the financial and non-financial information in the strategic report and the directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Tamura-Europe Limited (continued)

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 & Young LLP, Statutory Auditor*

Bristol

Date: 30/3/15

Profit and Loss account for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
Turnover	2	64,430	70,596
Cost of sales		(54,326)	(61,559)
Gross profit		10,104	9,037
Distribution costs		(4,339)	(4,271)
Administration costs		(6,207)	(4,760)
Operating (loss)/profit	5	(442)	6
Interest (payable)/receivable and similar charges	6	(2,322)	743
(Loss)/profit on ordinary activities before taxation		(2,764)	749
Tax on (loss)/profit on ordinary activities		(369)	61
(Loss)/profit on ordinary activities after taxation	19	(3,133)	810

All amounts above relate to continuing operations.

Statement of Total Recognised Gains and Losses

	Notes	2014 €'000	2013 €'000
(Loss)/profit for the financial year		(3,133)	810
Actuarial (loss)/gain on pension scheme	19	(1,440)	396
Movement on deferred tax relating to pension scheme		309	(92)
Total recognised (losses)/gains relating to the year		(4,264)	1,114

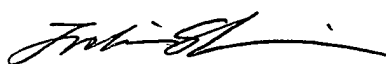
There is no material difference between the loss on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 2014

Registered Number: 463530

	Notes	2014 €'000	2013 €'000
Fixed Assets			
Intangible assets	8	3,893	5,775
Tangible assets	9	2,198	2,341
Investment in subsidiary	10	7,825	7,825
		13,916	15,941
Current Assets			
Stocks	11	6,930	10,609
Debtors	12	10,856	12,016
Cash at bank and in hand		520	5,047
		18,306	27,672
Creditors: amounts falling due within one year	13	(17,559)	(25,689)
Net current assets		747	1,983
Total assets less current liabilities		14,663	17,924
Creditors: amounts falling due after more than one year	14	(10,486)	(9,971)
Provision for Liabilities	16	(391)	(461)
Net assets excluding pension liability		3,786	7,492
Pension Liability	20	(3,194)	(2,637)
Net Assets		592	4,855
Capital and Reserves			
Called up share capital	18	14,716	14,716
Profit and loss account	19	(14,124)	(9,861)
Total shareholders' funds	19	592	4,855

The financial statements were approved by the board of directors on 27/3/15 and were signed on its behalf by:



T Shinonuma
Director

Date: 27/3/15

Notes to the financial statements for the year ended 31 December 2014

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. The business has generated an operating loss of €442,000 in a period of tough trading conditions. The company has a positive net asset position of €592,000 and positive net current asset position of €747,000. 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.

Functional Currency

In the year ended 31 December 2013, following the group restructuring, the directors have determined it would be more appropriate that the financial statements are prepared with Euros as the functional currency. In addition the directors consider that the presentation currency should also be changed to Euro. Accordingly as of 1 January 2014 the company's functional currency has changed from Sterling to Euro.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into Euros at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to Euro 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. Development costs that have been capitalised are reviewed annually 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.

Notes to the financial statements for the year ended 31 December 2014 (continued)

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'.

Fixed Asset Investments

Investments are stated at historic cost less provisions for impairment. The directors perform an impairment review on an annual basis to assess the recoverability of assets held.

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 2014 (continued)

2 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is wholly attributable to the continuing principle activity as stated in the strategic report. The geographical destination analysis of turnover is as follows:

	2014	2013
	€'000	€'000
United Kingdom	7,927	8,586
European Union	44,983	50,455
USA	57	132
Rest of the world	11,463	11,423
	64,430	70,596

3 Directors' emoluments

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

	2014	2013
	€'000	€'000
Aggregate emoluments	387	132

Information regarding the highest paid director is as follows:

Emoluments	260	124
Pension contributions to Defined Benefit Scheme	-	-

The number of directors who are accruing benefits under the defined contribution scheme

- -

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:

	2014	2013
	Number	Number
Production	419	516
Distribution and selling	36	37
Administration	15	15
	470	568

The number of employees directly employed by the UK undertakings in 2014 were 83 (2013: 85)

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 Employee information (continued)

	2014	2013
	€'000	€'000
Staff Costs (for the above persons)		
Wages and salaries	7,932	8,101
Social security costs	1,526	1,709
Other pension costs	152	265
	9,610	10,075

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging the following:

	2014	2013
	€'000	€'000
Intangible Fixed Assets		
- Amortisation	1,695	1,323
- Impairment	188	625
Tangible Fixed Assets		
- Depreciation on owned	493	473
Operating lease rentals		
- Land & Buildings	1,117	875
- Plant & Machinery	171	246
Auditors' remuneration		
- Audit services – for audit of company	77	105
- Non-Audit services – Tax compliance	13	30
Remuneration received by auditors' member firms (non-UK)		
- Other services pursuant to legislation	23	7
- Non-Audit services – Tax compliance and other services	38	58

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Interest receivable / (payable) and similar charges

	2014	2013
	€'000	€'000
Interest payable on bank loans and overdrafts	(388)	(341)
Expected return on scheme assets	611	420
Pension Interest	(607)	(526)
(Loss)/gain in foreign exchange	(1,938)	1,190
	(2,322)	743

7 Taxation

a) Analysis of charge in the year

	2014	2013
	€'000	€'000
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustment in respect of the previous year	(6)	(33)
	(6)	(33)
Double taxation relief	-	-
	-	-
Foreign operation tax	66	64
Total current tax charge	60	31
Deferred tax:-		
Current year	309	(92)
Impact of changes in the UK tax rate	-	-
Total deferred tax charge/(credit)	309	(92)
Tax charge/(credit) to profit on ordinary activities	369	(61)

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Taxation (continued)

a) Analysis of charge in the year (continued)

Equity items

Deferred Tax	(309)	92
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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:

	2014 €'000	2013 €'000
(Loss)/profit on ordinary activities before taxation	(2,764)	749
Tax charge on (loss)/profit on ordinary activities at standard UK corporation tax rate of 21.49% (2013: 23.2%)	(594)	174
Effects of:		
Expenses not deductible for tax purposes	18	9
Income not taxable for tax purposes	(24)	24
Overseas tax suffered in excess of UK relief	66	49
Adjustments in respect of prior years	(6)	(33)
Tax losses carried forward /(utilised)	330	(14)
Accelerated capital allowances	429	24
Other timing differences	(159)	(270)
Current tax for the year	60	31

c) Factors affecting future tax charges

During the prior year changes to corporation tax rates were enacted which will have an impact on the future tax charge of the company. The corporation tax rate was reduced from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

No exceptional pension contributions will be made prior to 1 April 2015 which would cause the deferred tax asset to significantly unwind at a rate of 23% or 21%, thus the company has calculated deferred tax at the yearend using a rate of 20%.

The company's investment in Romarsh Limited aggregate capital and reserves will increase significantly by 31 March 2015 as a result of the rationalisation of Romarsh Limited's joint venture Tamura Elcomponics Technologies Pvt. Limited based in India (see note 24). There should be no UK tax implications on this transaction.

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Intangible Fixed Assets

	Development Costs
	€'000
Cost at 1 January 2014 and 31 December 2014	7,869
Depreciation	
At 1 January 2014	2,094
Depreciation charge for year	1,694
Impairment	188
At 31 December 2014	3,976
Net book value	
At 31 December 2014	3,893
At 31 December 2013	5,775

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 2014 Management conducted an impairment review of intangible assets and given the uncertainty of one project, the decision was taken to fully impair the projects attributed value.

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 2014 (continued)

9 Tangible fixed assets

	Plant and machinery €'000	Furniture, fixtures, tools and equipment €'000	Construction in progress €'000	Total €'000
Cost				
At 1 January 2014	6,105	2,771	27	8,903
Additions	111	136	145	392
Transfer	79	9	(88)	-
Disposals	(55)	(67)	-	(122)
At 31 December 2014	6,240	2,849	84	9,173
Depreciation				
At 1 January 2014	5,384	1,178	-	6,562
Charge for year	339	154	-	493
Disposals	(53)	(27)	-	(80)
At 31 December 2014	5,670	1,305	-	6,975
Net book value				
At 31 December 2014	570	1,544	84	2,198
At 31 December 2013	721	1,593	27	2,341

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Fixed asset investment

	2014	2013
	€'000	€'000
Shares in group undertaking	7,825	7,825

This investment is in relation to the subsidiary Romarsh Limited, a company incorporated in the UK, of which the company owns 100% of the issued share capital.

At 31 December 2013 the trade and assets of Romarsh Limited were transferred to Tamura-Europe Limited. The principal activity of Romarsh Limited during the year continued to be the management of the joint investment activity located in India.

The aggregate capital and reserves of Romarsh Limited were £1,726,0236 at 31 March 2014 (2013: £1,770,541) and the loss for the period was (£12,475) (2013: profit £8,049).

11 Stocks

	2014	2013
	€'000	€'000
Raw materials and consumables	5,748	9,229
Work in progress	612	540
Finished goods and goods for resale	570	840
	6,930	10,609

12 Debtors:

	2014	2013
	€'000	€'000
Amounts falling due within one year		
Trade debtors	10,150	11,229
Other debtors	508	569
Corporation tax recoverable	-	2
Prepayments and accrued income	198	216
	10,856	12,016

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Debtors (continued)

Debtors: Amounts falling due over one year – continued

Provision for deferred tax asset comprises:	2014 €'000	2013 €'000
Accelerated capital allowances	782	1,173
Other timing differences	-	(514)
Pension related deferred tax asset (note 20)	782	659
Deferred tax liability (note 14)	(782)	(659)

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 trade losses exist of €15.902m (2013 €14.365m)

Analysis of movement in deferred tax assets and liabilities:

	€'000
At 1 January 2014	-
Deferred tax (charge)/credit in P&L for period	(309)
Deferred tax (charge)/credit in the STRGL	309
At 31 December 2014	-

13 Creditors: amounts falling due within one year

	2014 €'000	2013 €'000
Bank overdraft (note 16)	8,999	9,479
Amounts due to group undertakings	5,142	7,773
Trade creditors	2,508	7,196
Other taxation and social security	490	306
Accruals and deferred income	420	935
	17,559	25,689

Currently there are no set repayment terms on the amounts due to group undertakings. Interest on these amounts is charged at an arms-length basis.

Notes to the financial statements for the year ended 31 December 2014 (continued)

14 Creditors: amounts falling after more than one year

	2014 €'000	2013 €'000
Parent Company Loan	8,127	7,680
Amounts owed to Group Undertakings	1,561	1,632
Deferred Taxation	798	659
	<u>10,486</u>	<u>9,971</u>

15 Loans

An analysis of the maturity of bank loans is given below:

	2014 €'000	2013 €'000
Amounts falling due within one year or on demand:		
Bank overdraft	8,999	9,479
Group undertakings loan	-	320

The loan due from group of £nil (2013 £320,000) is included within total current liabilities due to group undertakings (note 13)

16 Provision for liabilities

	2014 €'000	2013 €'000
Provisions	<u>391</u>	<u>461</u>
	<u>391</u>	<u>461</u>

Provisions relate to the amicable settlement with a Romarsh Ltd customer following a long standing dispute.

Notes to the financial statements for the year ended 31 December 2014 (continued)

17 Operating lease commitments

At 31 December 2014 the company has annual commitments under non-cancellable operating lease as follows:

	2014		2013	
	Land & buildings €'000	Other €'000	Land & buildings €'000	Other €'000
Expiring within one year	938	166	988	119
Expiring between two and five years inclusive	2,640	247	1,897	134
Expiring over five years	1,058	18	1,148	4
	4,636	431	4,033	257

18 Called up share capital

	2014 €'000	2013 €'000
Allotted, issued and fully paid		
Number		
12,000,000		
Class		
Ordinary		
Nominal Value £1		
At 1 January	14,716	14,716

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

19 Reserves

	Profit and Loss account €'000
At 1 January 2014	(9,861)
Loss for the financial year	(3,133)
Actuarial loss on pension scheme	(1,440)
Movement on deferred tax relating to pension assets	309
At 31 December 2014	(14,124)

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 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:

	2014 %	2013 %
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	2.0	2.5
Discount rate	3.6	4.6
Rate of inflation	2.9	3.4

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

The mortality assumptions used were as follows:

	2014 Years	2013 years
Longevity at age 45:		
– Men	22.2	21.9
– Women	24.5	24.1
Longevity at age 65:		
– Men	23.9	23.3
– Women	26.4	25.6

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 Employee benefit obligations (continued)

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

	Long term rate of return expected 31 December 2014	Value 31 December 2014	Long term rate of return expected 31 December 2013	Value 31 December 2013
	%	€000	%	€000
Equities	7.0	8,354	6.1	7,103
Bonds	3.0	2,784	2.1	2,368
Cash	0.5	13	0.5	10
Total market value of assets		11,151		9,481
Present value of scheme liabilities		(15,143)		(12,777)
Deficit in scheme		(3,992)		(3,296)
Related deferred tax asset		798		659
Net pension deficit		(3,194)		(2,637)

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

	2014 €'000	2013 €'000
1 January	12,777	12,811
Movement in foreign exchange	609	(305)
Interest cost	607	526
Benefits paid	(453)	(540)
Charges paid	65	57
Actuarial loss	1,538	228
31 December	15,143	12,777

Reconciliation of fair value of scheme assets

	2014 €'000	2013 €'000
1 January	9,481	8,367
Movement in foreign exchange	465	(199)
Expected return on scheme assets	611	420
Actuarial gains	98	624
Benefits paid	(388)	(482)
Charges paid	(65)	(57)
Contributions paid by employer	949	808
31 December	11,151	9,481

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 Employee benefit obligations

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 €624,000 (2013: gain of €625,000).

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

	2014 €'000	2013 €'000
Past service cost	-	-
Gain on curtailment of the scheme	-	-
Expected return on pension scheme assets	(611)	(421)
Interest on pension scheme liabilities	607	526
Total	(4)	105

The total past service cost of €65,218 (2013: €57,000) 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:

	2014	2013	2012	2011	2010
Defined benefit obligation	(15,143)	(12,777)	(12,811)	(11,018)	(10,061)
Plan assets	11,151	9,481	8,367	7,292	7,946
Deficit	(3,992)	(3,296)	(4,444)	(3,727)	(2,114)
Experience adjustments on plan assets					
Amount (€'000)	(15)	(19)	(399)	(119)	74
Experience adjustments on plan liabilities					
Amount (€'000)	98	624	625	(906)	825

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

Amount (€'000)	(1,440)	396	(906)	(1,409)	331
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Notes to the financial statements for the year ended 31 December 2014 (continued)

21 Reconciliation of movements in shareholders' funds

	2014	2013
	€'000	€'000
(Loss)/profit for financial year	(3,133)	810
Other recognised (losses)/gains relating to the year (net)	(1,130)	304
Net (decrease)/increase to shareholders' funds	(4,263)	1,114
Opening shareholders' funds	4,855	3,741
Closing shareholders' funds	592	4,855

22 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 (2013: nil) owed to the company by any of the directors at 31 December 2014.

23 Post Balance Sheet Events

The company's investment in Romarsh Limited aggregate capital and reserves will increase significantly by 31 March 2015 as a result of the rationalisation of Romarsh Limited's joint venture Tamura Elcomponics Technologies Pvt. Limited based in India.

The company's Italian Branch will become a fully incorporated subsidiary named Tamura Magnetic Engineering SRL on 19th January 2015. The company will make an initial investment of €10,000.

24 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 2014. The consolidated financial statements of Tamura Corporation are available from:

Tamura Corporation
1-19-43,
Higashi-Oizumi
Nerima-Ku,
Tokyo 178-8511
Japan