

Company Registration No. 2522419

**SHINKIN INTERNATIONAL LTD**

**Report and Financial Statements**

**31 December 2014**

# SHINKIN INTERNATIONAL LTD

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

# SHINKIN INTERNATIONAL LTD

## Officers and professional advisers

### Directors

Mr. Katsuo Akiyama  
Mr. Kengo Kaji  
Mr. Takaaki Ando

### Secretary

TMF Corporate Administration Services Limited  
5<sup>th</sup> Floor  
6 St Andrew Street  
London EC4A 3AE

### Registered office

1<sup>st</sup> Floor  
85 London Wall  
London  
EC2M 7AD

### Bankers

Barclays Bank PLC  
54 Lombard Street  
London  
EC3P 3AH

Bank of Tokyo-Mitsubishi UFJ  
Ropemaker Place  
25 Ropemaker Street,  
London  
EC2Y 9AN

### Solicitor

Fujioka & Co.  
City Tower  
40 Basinghall Street  
London  
EC2V 5DE

### Auditor

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

# SHINKIN INTERNATIONAL LTD

## Directors' report

The directors present their annual report on the affairs of Shinkin International Ltd (the "Company"), together with the financial statements and auditor's report, for the year ended 31 December 2014.

### Principal activities

The Company's main activity is trading in Eurobonds. It is the directors' intention that the company will continue this activity during the forthcoming year.

The Company is regulated by The Financial Conduct Authority.

The Company is taking the small company exemption and is therefore not preparing a strategic report.

### Business review

During the year under review, though it was a challenging environment such as a continuation of low-interest rate in European countries, the Company increased trade volume and profit, by capturing customers' needs and providing competitive products.

The results for the year, set out on page 7, show a profit after taxation of **£826,693** (2013: £1,000,282). The directors regard the results for the year as satisfactory. The directors are expecting a similar performance in 2015.

The Company's Parent Company, Shinkin Central Bank, manages its European operations on a regional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European region, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this Report.

### Dividends and transfer to reserves

The directors do not recommend the payment of a dividend for the year (2013: £nil). The retained profit for the year of **£826,693** (2013: £1,000,282) has been transferred to reserves.

### Financial Risk Management

Shinkin International Ltd aims to maintain a low risk profile. The Company's activities expose it to the following key risks: credit risk, liquidity risk and foreign currency risk. In managing its risk, a distinction is made between credit, liquidity and foreign currency risk.

#### Foreign currency risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign currency transactions arise when the Company buys and immediately sells Eurobonds whose prices are denominated in a foreign currency and when the Company receives the arrangement fee in a foreign currency. Foreign currency transactions comprise transactions in Euro, USD and JPY. The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements such as converting profit made into GBP.

#### Credit Risk

The Company's financial assets are bank balances, receivables and investments. Receivables are held with group companies. Quoted investments are acquired after assessing the quality of the relevant investments. Cash at bank is placed with reliable financial institutions.

#### Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations, the company uses a mixture of long-term and short-term investment in liquid assets.

### Pillar 3 Disclosures

Disclosure information under the Financial Conduct Authority regulations (General Prudential Sourcebook and the Prudential Sourcebook for Banks, Building Societies and Investment Firms), which is unaudited, is set out on the Shinkin International Ltd website.

# SHINKIN INTERNATIONAL LTD

## Directors' report (continued)

### Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company is set out in the financial statements.

Details of the Company's financial risk management objectives, its exposures to credit risk and liquidity risk are set out above.

The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Directors

The directors who served throughout the year except as noted were:

Mr Katsuo Akiyama  
Mr Kengo Kaji  
Mr Kentaro Sone (resigned 19/03/2014)  
Mr Takaaki Ando (appointed 11/04/2014)

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the Annual General Meeting.

Approved by the Board and signed on its behalf by:



Mr Kengo Kaji  
Director

1st Floor  
85 London Wall  
London  
EC2M 7AD

19<sup>th</sup> March 2015

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHINKIN INTERNATIONAL LTD**

We have audited the financial statements of Shinkin International Ltd for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHINKIN INTERNATIONAL LTD (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; or
- the directors are not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report.



Russell S Davis FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
19<sup>th</sup> March 2015



# SHINKIN INTERNATIONAL LTD

## Profit and loss account

For the year ended 31 December 2014

	<i>Notes</i>	<b>2014</b> £	2013 £
Net trading gain	2	<b>1,064,140</b>	686,801
Other operating income	3	<b>964,950</b>	1,182,698
Administrative expenses		<b>(2,312,847)</b>	(2,305,390)
<b>Operating loss</b>		<b>(283,757)</b>	(435,891)
Interest receivable	5	<b>1,350,332</b>	1,297,352
Interest payable	6	<b>(689)</b>	(1,478)
<b>Profit on ordinary activities before taxation</b>	7	<b>1,065,886</b>	859,983
Tax on profit on ordinary activities	9	<b>(239,193)</b>	140,299
<b>Profit for the year</b>	17	<b>826,693</b>	1,000,282

# SHINKIN INTERNATIONAL LTD

## Balance sheet

At 31 December 2014

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	10	276,641	289,453
Investments	11	28,508,838	27,650,055
		<u>28,785,479</u>	<u>27,939,508</u>
<b>CURRENT ASSETS</b>			
Debtors - due within one year	12	963,869	996,983
Cash at bank		15,025,055	15,208,775
		<u>15,988,924</u>	<u>16,205,758</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(427,177)</u>	<u>(333,762)</u>
<b>NET CURRENT ASSETS</b>		<u>15,561,747</u>	<u>15,871,996</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>44,347,226</u>	<u>43,811,504</u>
<b>Provisions for liabilities and other charges</b>	18	(218,228)	(509,199)
<b>NET ASSETS</b>		<u>44,128,998</u>	<u>43,302,305</u>
<b>Capital and reserves</b>			
Called up share capital	14	30,000,000	30,000,000
Profit and loss account	17	14,128,998	13,302,305
<b>SHAREHOLDERS' FUNDS</b>	17	<u>44,128,998</u>	<u>43,302,305</u>

The financial statements of Shinkin International Limited (registered number 2522419) were approved by the Board of directors and authorised for issue on 19<sup>th</sup> March 2015. They were signed on its behalf by:



Mr Kengo Kaji  
Director

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 1. Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Also, Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, because the company has adequate financial resources. Hence, the Director's continue to adopt the going concern basis in preparing the annual reports and accounts.

#### Operating income

Operating income is derived from the aggregate profits less losses of trading bonds in the Eurobond market. Mainly the company undertakes new bond issuances in the primary market or purchases the existing bond from bond brokers in the secondary market and sales to Japanese financial institutions, such as cooperative banks and regional banks in Japan. Also, operating income is recognised on transaction date.

#### Arrangement fees

Arrangement fees receivable for participation in the issue of securities are recorded when the company receives notification of its allotments in respect of purchase commitments. Other fees and commissions are accounted for when received.

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange for sterling prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are reported at the rates of exchange prevailing at that date. The resulting exchange differences arising are included in the profit and loss account.

#### Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Leasehold improvements	20% per annum reducing balance
Office equipment	20% per annum straight-line
Office furniture	10% per annum straight-line
Computer hardware	25% per annum reducing balance
Computer software	20% per annum straight-line

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 1. Statement of accounting policies (continued)

#### Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

#### Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. Discounts or premiums are amortised over the term of the investment.

#### Related party transactions

Under FRS 8, the company is exempt from the requirement to disclose related party transactions with other group entities, on the grounds that 100% of the voting rights are controlled by Shinkin Central Bank who prepares consolidated financial statements, in which the company is included, are publicly available. There were no other related party transactions requiring disclosure.

#### Cash flow statement

The directors have taken advantage of the exemption conferred by FRS 1 (revised 1996) not to prepare a cash flow statement on the grounds that the company's parent (whose accounts are publicly available) has prepared a consolidated cash flow statement.

#### Pension costs

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs is contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 2. Net trading gain

The net trading gain comprises the aggregate profits less losses of trading in the bond market. The directors are of the opinion that turnover and cost of sales do not have meaningful equivalents in a securities business. Therefore, these amounts are not included in the profit and loss account.

### 3. Other operating income

	2014 £	2013 £
Arrangement fees	656,368	906,522
Rent receivable	313,470	312,188
Foreign exchange gains and losses	(4,888)	(36,012)
	<u>964,950</u>	<u>1,182,698</u>

### 4. Staff numbers and costs

The average number of persons employed by the company throughout the year, including directors, was as follows:

	Number of employees	
	2014	2013
Dealing	5	5
Settlement	3	3
Administration	4	4
	<u>12</u>	<u>12</u>

The aggregate payroll costs of employees (including executive directors) were as follows:

	2014 £	2013 £
Wages and salaries	1,002,111	965,547
Pension costs	19,962	20,215
Social security costs	34,330	35,129
	<u>1,056,403</u>	<u>1,020,891</u>

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 5. Interest receivable

	2014 £	2013 £
Interest receivable on bank deposits	111,788	104,311
Interest receivable on investment securities	1,238,544	1,193,041
	<u>1,350,332</u>	<u>1,297,352</u>

### 6. Interest payable

	2014 £	2013 £
Interest payable on temporary funding	689	1,478
	<u>689</u>	<u>1,478</u>

### 7. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	2014 £	2013 £
Foreign exchange gain	(27,360)	(32,565)
Foreign exchange loss	32,344	66,992
Depreciation	63,756	35,005
Auditor's remuneration:		
- audit of the Company's annual accounts	37,146	35,890
- other services relating to taxation	29,370	18,980
Operating lease rentals- land and building	691,611	729,712
	<u>691,611</u>	<u>729,712</u>

### 8. Directors' remuneration

The emoluments of directors from all sources in respect of their services to the Company are as follows:

	2014 £	2013 £
Salaries paid to directors	<u>369,602</u>	<u>351,234</u>

The emoluments of the highest paid director were £230,494 (2013: £205,540). No directors received pension benefit from the Company in either the current or preceding year.

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 9. Tax charge on ordinary activities

	2014 £	2013 £
Current tax		
UK corporation tax charge at 21.5% (2013: 23.25%)	231,346	54,285
Adjustment in respect of prior years	6,144	(234,888)
	<u>237,490</u>	<u>(180,603)</u>
Deferred tax		
Reversal of timing differences (note 14)	1,703	150,798
Adjustment in respect of prior years	0	(105,146)
Effect of change in tax rates	0	(5,348)
	<u>239,193</u>	<u>(140,299)</u>

#### Factors affecting tax charge for current period

The tax assessed for the current year is different from that resulting from applying the standard rate of corporation tax in the UK: 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>1,065,886</u>	<u>859,983</u>
Tax at 21.5% thereon (2013 thereon 23.25%)	229,165	199,946
Effects of:		
Expenses not deductible for tax purposes	4,251	5,483
Depreciation in excess of capital allowances	(2,071)	(44,854)
Prior-period adjustments	6,144	(234,888)
Utilisation of tax losses	0	(106,289)
	<u>237,490</u>	<u>(180,603)</u>

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 10. Tangible fixed assets

	Office furniture £	Computer hardware and software £	Leasehold improvements £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2014	42,383	493,059	759,866	119,679	1,414,987
Disposal	-	(16,495)	-	(50,066)	(66,561)
Additions	-	10,310	-	44,016	54,326
At 31 December 2014	42,383	486,874	759,866	113,629	1,402,752
<b>Depreciation</b>					
At 1 January 2014	32,920	447,910	582,313	62,391	1,125,534
Disposal	-	(15,148)	-	(48,031)	(63,179)
Charge for year	1,726	11,749	35,511	14,770	63,756
At 31 December 2014	34,646	444,511	617,824	29,130	1,126,111
<b>Net book value</b>					
At 31 December 2014	7,737	42,363	142,042	84,499	276,641
At 31 December 2013	9,463	45,149	177,553	57,288	289,453

### 11. Fixed asset investments

	2014 £	2013 £
Golf club debenture (unlisted)	7,000	7,000
Bond investments (listed)	28,501,838	27,643,055
	<u>28,508,838</u>	<u>27,650,055</u>

*Golf club debenture*

The investment in the golf club debenture is in The Oxfordshire Golf Club.



# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 11. Fixed asset investments (continued)

<i>Bond investments</i>	2014		2013	
	Balance sheet £	Market value £	Balance sheet £	Market value £
<b>Investment securities</b>				
Bond Investment	28,501,838	29,687,688	27,643,055	28,694,682
	<u>28,501,838</u>	<u>29,687,688</u>	<u>27,643,055</u>	<u>28,694,682</u>
<b>Maturities</b>				
Due within one year	9,032,256		6,516,249	
Due one year and over	19,469,582		21,126,806	
	<u>28,501,838</u>		<u>27,643,055</u>	
			2014	2013
Movements on bond investments comprise:			£	£
As at 1 January 2014			27,643,055	24,943,972
Acquisitions			7,660,530	2,887,425
Redemption			(6,500,000)	-
Amortisation of discounts and premiums			(301,747)	(188,342)
At 31 December 2014			<u>28,501,838</u>	<u>27,643,055</u>

#### Acquisitions

Bond investments acquired during the year comprise Bank Nederlandse Gemeenten for £2,332,400, Kreditanstalt Fur Wiederaufbau for £1,195,900, Network Rail Infrastructure Finance for £1,133,900 on 17 January 2014, Barclays Bank for £1,006,530, European Investment Bank for £987,500 on 25 February 2014 and Japan Bank For International Cooperation for £1,004,300 on 25 July 2014.

### 12. Debtors

	2014 £	2013 £
Amounts falling due within one year:		
Prepayments and accrued income	963,869	996,983
	<u>963,869</u>	<u>996,983</u>

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 13. Creditors: amounts falling due within one year

	2014 £	2013 £
Other creditors:		
Corporation tax	75,060	6,234
Income tax withheld	61,293	54,385
Social Security	9,211	10,900
Accruals and deferred income	244,257	226,590
Deferred tax (note 14)	37,356	35,653
	<u>427,177</u>	<u>333,762</u>

### 14. Called up share capital

	2014 £	2013 £
<b>Allotted, called-up and fully paid</b>		
30,000,000 Ordinary shares of £1 each	<u>30,000,000</u>	<u>30,000,000</u>

### 15. Deferred taxation balance in the period

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	2014 £	2013 £
Opening balance (CR)/DR	(35,653)	4,650
Adjustment in respect of prior years	0	105,146
Credit to profit and loss account	(1,703)	(150,797)
Effect of the change in tax rate to 20%	0	5,348
Closing balance	<u>(37,356)</u>	<u>(35,653)</u>

### 16. Deferred tax balance

	2014 £	2013 £
Capital allowance in excess of depreciation	<u>(37,356)</u>	<u>(35,653)</u>
Discounted provision for deferred tax	<u>(37,356)</u>	<u>(35,653)</u>

# SHINKIN INTERNATIONAL LTD

## Notes to the financial statements

For the year ended 31 December 2014

### 17. Reconciliation of movements in shareholders' funds

	Called up share capital	Profit and loss account	2014 £	2013 £
At the beginning of the year	30,000,000	13,302,305	43,302,305	42,302,023
Retained profit for the year	-	826,693	826,693	1,000,282
At the end of the year	<u>30,000,000</u>	<u>14,128,998</u>	<u>44,128,998</u>	<u>43,302,305</u>

### 18. Leasehold and capital commitments and provisions

There were no capital commitments at the end of the financial year.

The company is committed to the following annual payments in respect of the lease of its premises.

	2014 £	2013 £
Lease expiring within one year	-	71,124
Lease expiring between two and five years	<u>691,611</u>	<u>657,823</u>

At the balance sheet date the company had contracted with tenants the following annual rental receipts.

	2014 £	2013 £
Lease expiring between two and five years	<u>299,554</u>	<u>299,554</u>

A provision is recognised to reflect the unavoidable costs of a lease commitment included above that exceed the rental receipts expected to be received, as disclosed above, from a related sublease of the same property, as follows:

Provisions for liabilities and charges	2014 £	2013 £
As at 1 January	509,199	800,170
Release to profit and loss account	<u>(290,971)</u>	<u>(290,971)</u>
As at 31 December	<u>218,228</u>	<u>509,199</u>

**Notes to the financial statements**

For the year ended 31 December 2014

**19. Ultimate parent company**

The company is incorporated in the United Kingdom as a private limited company under the laws of England and Wales.

The immediate and ultimate parent company and controlling entity is Shinkin Central Bank, which is incorporated in Japan and is the 100% shareholder of the company. Copies of the Shinkin Central Bank Group accounts are available from that company's registered office at 3-7, Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan.

**20. Subsequent events**

There have been no significant events after the balance sheet date.