
TOHO TITANIUM EUROPE CO. LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

TOHO TITANIUM EUROPE CO. LTD

COMPANY INFORMATION

Directors	K Komamiya Y Nishiyama N Nomoto
Registered number	06887518
Registered office	2nd Floor Bury House 31 Bury Street London EC3A 5AR
Independent auditors	Haslers Chartered Accountants & Statutory Auditor Old Station Road Loughton Essex IG10 4PL

TOHO TITANIUM EUROPE CO. LTD

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The directors present their strategic report and audited financial statements for the year ended 31 December 2020.

Toho Titanium Europe Co. Ltd is part of the Toho Titanium Group and is responsible for the sale of titanium metal and titanium catalyst for propylene polymerisation within Europe as well as conducting market research.

Business review

The results for the year to 31 December 2020 show a significant decrease in the company's activities with turnover down to £17.6m compared to £40.6m in the year to 31 December 2019. This was due to a sharp drop in titanium demands after COVID-19 pandemic, especially from the aerospace industry, in 2020.

The director continues to contact and visit potential customers to expand the company's activity areas and to improve sales in the future.

The gross profit margin decreased to 1.0% compared to 3.1% in 2019 due to foreign exchange rate movements. The balance sheet remains in a healthy net asset position based on the cash balance of £1.1m (2019: £4.9m).

Management is of the view that the current status of the titanium metal market around the world still remains a challenge, however, sales of titanium metal are expected to rise slightly in 2021 and it will take 2-3 years to return to the pre-pandemic level. The sales of titanium catalyst however are expected to remain stable.

With regard to BREXIT, if there are any clear needs for actions, such as REACH registration, the company responds in sequence. However, the company thinks that there is no direct impact on the company's business as the products are delivered directly from Japan to each customer in EU countries.

Principal risks and uncertainties

The company's principal risks and uncertainties lie within fluctuating exchange rates, as its inventory is bought and sold in foreign currencies – especially US dollars.

As for many businesses of a similar size to the company, the environment in which it operates continues to be challenging. Both titanium and petrochemical and chemical product markets in Europe are highly competitive and as a consequence, the margins remain very small.

With regards to the titanium metal business, which is the company's main business, Toho Titanium Europe Co. Ltd faces competition mainly from Japanese and CIS suppliers.

The titanium metal business is also subject to customers' demand patterns and a fluctuating market. The company has however been successful in securing a long-term contracts with its major customers.

As well as the principal risks and uncertainties, the company is also aware that that the development of the business may be affected by unforeseen future events outside of the company's influence on control.

Whilst we finalise these financial statements, we have been witnessing COVID-19 having a devastating impact on the global economy. It also did a lot of damage to our UK business. We are conscious of the risks and uncertainties this poses to future trade as a consequence of the current impact on worldwide air travel and ultimately to the aviation industry – an end user of our titanium products due to their use as a raw material in aircraft manufacture.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Financial key performance indicators

The directors use a number of performance indicators to assess the company's progress in meeting its objectives.

The key performance indicators are:

1. Sales levels
2. Gross profit margins

These have been further assessed in the business review above.

This report was approved by the board on 25 March 2021 and signed on its behalf.

N Nomoto
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Results and dividends

The profit for the year, after taxation, amounted to £324,324 (2019 - £888,120).

The results for the year and financial position of the company are shown in the annexed financial statements.

Interim dividends of £197,523 (2019: £1,221,084) were paid during the year. The Directors do not recommend payment of a final dividend.

The company's business activities together with the factors likely to affect its future development, its financial position, foreign currency risk and risk management objectives are described in the Strategic Report.

Directors

The directors who served during the year were:

K Komamiya
Y Nishiyama
N Nomoto

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 March 2021 and signed on its behalf.

N Nomoto
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOHO TITANIUM EUROPE CO. LTD

Opinion

We have audited the financial statements of Toho Titanium Europe Co. Ltd (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOHO TITANIUM EUROPE CO. LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOHO TITANIUM EUROPE CO. LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries.
- Carrying out substantive testing to cover authorisation of expenditure in line with the financial processes.
- Carrying out walkthrough testing to ensure internal controls are in place to prevent errors and fraud.
- Assessment of appropriateness of accounting estimates.
- Review of large and unusual bank transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Charalambos Patsalides (Senior Statutory Auditor)

for and on behalf of

Haslers

Chartered Accountants

Statutory Auditor

Old Station Road

Loughton

Essex

IG10 4PL

25 March 2021

TOHO TITANIUM EUROPE CO. LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	17,621,066	40,603,942
Cost of sales		(16,985,196)	(39,271,798)
Gross profit		635,870	1,332,144
Administrative expenses		(241,808)	(267,720)
Operating profit	5	394,062	1,064,424
Interest receivable and similar income		6,359	32,690
Profit before tax		400,421	1,097,114
Tax on profit	10	(76,097)	(208,994)
Profit for the financial year		324,324	888,120

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

TOHO TITANIUM EUROPE CO. LTD
REGISTERED NUMBER: 06887518

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	887	-
		<u>887</u>	<u>-</u>
Current assets			
Stocks	13	1,674,902	30,288
Debtors: amounts falling due within one year	14	6,194,456	6,052,630
Cash at bank and in hand	15	1,062,125	4,992,723
		<u>8,931,483</u>	<u>11,075,641</u>
Creditors: amounts falling due within one year	16	(7,319,274)	(9,589,346)
Net current assets		<u>1,612,209</u>	<u>1,486,295</u>
Total assets less current liabilities		<u>1,613,096</u>	<u>1,486,295</u>
Net assets		<u><u>1,613,096</u></u>	<u><u>1,486,295</u></u>
Capital and reserves			
Called up share capital	19	400,000	400,000
Profit and loss account		1,213,096	1,086,295
		<u>1,613,096</u>	<u>1,486,295</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2021.

N Nomoto
Director

The notes on pages 11 to 23 form part of these financial statements.

TOHO TITANIUM EUROPE CO. LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	400,000	1,086,295	1,486,295
Comprehensive income for the year			
Profit for the year	-	324,324	324,324
Total comprehensive income for the year	-	324,324	324,324
Dividends: Equity capital	-	(197,523)	(197,523)
Total transactions with owners	-	(197,523)	(197,523)
At 31 December 2020	<u>400,000</u>	<u>1,213,096</u>	<u>1,613,096</u>

The notes on pages 11 to 23 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	400,000	1,419,259	1,819,259
Comprehensive income for the year			
Profit for the year	-	888,120	888,120
Total comprehensive income for the year	-	888,120	888,120
Dividends: Equity capital	-	(1,221,084)	(1,221,084)
Total transactions with owners	-	(1,221,084)	(1,221,084)
At 31 December 2019	<u>400,000</u>	<u>1,086,295</u>	<u>1,486,295</u>

The notes on pages 11 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Toho Titanium Europe Co. Limited is a private company, limited by shares and incorporated in England and Wales, United Kingdom, with a registration number of 06887518. The address of the registered office is 2nd Floor Bury House, 31 Bury Street, London, EC3A 5AR. The principal activity of the company is that of sales of titanium metal and titanium products within Europe. It also conducts market research.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Monetary amounts in these financial statements are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Toho Titanium Co Ltd as at 31 March 2021 and these financial statements may be obtained from JR Yokohama Tower 22nd Floor, 1-1-1 Minamisaiwa, Nishi-ku, Yokohama, Kanagawa 220-0005, Japan.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The director does not believe that there have been judgements (apart from those involving estimates) made in the process of applying the above accounting policies that have had a significant effect on amounts recognised in the financial statements.

TOHO TITANIUM EUROPE CO. LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

	2020 £	2019 £
Sale of goods	17,621,066	40,603,942
	<u>17,621,066</u>	<u>40,603,942</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	15,088,642	36,847,778
Rest of the world	2,532,425	3,756,164
	<u>17,621,067</u>	<u>40,603,942</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Staff pension costs	-	776
Exchange differences	(520,015)	(78,844)
Other operating lease rentals	20,436	18,168
Depreciation	<u>296</u>	<u>238</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>11,500</u>	<u>11,564</u>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	11,500	11,564
Taxation compliance services	1,300	1,300
Other services relating to taxation	-	2,059
All other services	19,700	20,705
	<u>32,500</u>	<u>35,628</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	155,381	140,360
Social security costs	-	316
Cost of defined contribution scheme	-	776
	<u>155,381</u>	<u>141,452</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration and sales	<u>1</u>	<u>2</u>

TOHO TITANIUM EUROPE CO. LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	155,381	119,707
	<u>155,381</u>	<u>119,707</u>

9. Interest receivable

	2020 £	2019 £
Other interest receivable	6,359	32,690
	<u>6,359</u>	<u>32,690</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	75,922	208,995
	<u>75,922</u>	<u>208,995</u>
Total current tax	<u>75,922</u>	<u>208,995</u>
Deferred tax		
Origination and reversal of timing differences	175	(1)
	<u>175</u>	<u>(1)</u>
Total deferred tax	<u>175</u>	<u>(1)</u>
Taxation on profit on ordinary activities	<u>76,097</u>	<u>208,994</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>400,421</u>	<u>1,097,114</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	76,080	208,452
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<u>17</u>	<u>542</u>
Total tax charge for the year	<u><u>76,097</u></u>	<u><u>208,994</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2020 £	2019 £
Dividends	<u>197,523</u>	<u>1,221,084</u>
	<u><u>197,523</u></u>	<u><u>1,221,084</u></u>

TOHO TITANIUM EUROPE CO. LTD

NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2020	6,530
Additions	1,183
	7,713
At 31 December 2020	7,713
Depreciation	
At 1 January 2020	6,530
Charge for the year on owned assets	296
	6,826
At 31 December 2020	6,826
Net book value	
At 31 December 2020	887
<i>At 31 December 2019</i>	-

13. Stocks

	2020 £	2019 £
Finished goods and goods for resale	1,674,902	30,288
	1,674,902	30,288

TOHO TITANIUM EUROPE CO. LTD

NOTES TO THE FINANCIAL STATEMENTS
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14. Debtors

	2020	2019
	£	£
Trade debtors	5,598,286	6,042,270
Other debtors	592,103	5,593
Prepayments and accrued income	4,067	4,592
Deferred taxation	-	175
	6,194,456	6,052,630

15. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	1,062,125	4,992,723
	1,062,125	4,992,723

16. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	116	1,945
Amounts owed to group undertakings	7,271,850	9,317,604
Corporation tax	31,223	4,066
Other creditors	85	198
Accruals and deferred income	16,000	265,533
	7,319,274	9,589,346

17. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	1,062,125	4,992,723

Financial assets measured at fair value through profit or loss comprise of cash and bank balances.

TOHO TITANIUM EUROPE CO. LTD

NOTES TO THE FINANCIAL STATEMENTS
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18. Deferred taxation

	2020 £	2019 £
At beginning of year	175	174
Charged to profit or loss	(175)	1
At end of year	<u>-</u>	<u>175</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	-	175
	<u>-</u>	<u>175</u>

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
400,000 (2019 - 400,000) Ordinary shares of £1.00 each	<u>400,000</u>	<u>400,000</u>

NOTES TO THE FINANCIAL STATEMENTS
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20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £Nil (2019 - £776) . Contributions totalling £Nil (2019 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	9,084	9,900
	<u>9,084</u>	<u>9,900</u>

22. Related party transactions

The following amounts were outstanding at the reporting period end date:

	2020 £	2019 £
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	7,271,850	9,317,604
Key management personnel	<u>88</u>	<u>198</u>

23. Controlling party

The immediate parent company and parent company of the smallest group for which group accounts are drawn up is Toho Titanium Co. Limited, a listed company incorporated in Japan.

The ultimate parent company and controlling party is ENEOS Holdings, Inc, also a listed company incorporated in Japan.

A copy of the ENEOS Holdings group financial statements can be obtained from Otemachi 1-2, Chiyoda-ku, Tokyo, Japan.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.