

Registration number 03672105

# LK Group Limited

Director's Report and Financial Statements  
for the Year Ended 31 March 2012

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## LK Group Limited

### Company Information

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<b>Director</b>	Mr K Yoshikawa
<b>Company secretary</b>	Mr H Sonobe
<b>Registered office</b>	Argosy Road Nottingham East Midlands Airport Castle Donington Derby DE74 2SA
<b>Solicitors</b>	Molesworth Bright Clegg Octagon House 25-27 Yorkshire Street Rochdale OL16 1RH
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor 1 Woodborough Road Nottingham NG1 3FG

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# LK Group Limited

## Director's Report for the Year Ended 31 March 2012

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The director presents his report and the audited financial statements for the year ended 31 March 2012

### **Principal activity**

The principal activity of the company is to act as an intermediate holding company

### **Business review**

#### ***Fair review of the business***

The company has not traded during the year and the only movements that have arisen relate to the receipt of interest from group undertakings

The company extended its annual reporting date during the previous period to 31 March to bring it in to line with the reporting date of its ultimate parent company, the Nikon Corporation. Accordingly, these financial statements are for the year ended 31 March 2012, with the comparative period being for the 15 month period from 1 January 2010 to 31 March 2011

#### ***Principal risks and uncertainties***

The company does not undertake any transactions external to the Nikon Metrology group and is entirely funded by intergroup borrowings. It is therefore not exposed to any significant risks relating to liquidity, interest rates, foreign currency movements or credit risks

### **Future developments**

The director does not anticipate any significant changes in the principal activity of the company in the foreseeable future

### **Director of the company**

The director who held office during the period and to the date of this report was as follows

Mr K Yoshikawa

### **Director's liabilities**

The company has granted an indemnity to its director against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report

### **Disclosure of information to the auditor**

The director has taken 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. The director confirms that there is no relevant information that he knows of and which he knows the auditor is unaware of. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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# LK Group Limited

## Director's Report for the Year Ended 31 March 2012


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### Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the director on 18/06/2013

  
Mr K Yoshikawa  
Director

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## LK Group Limited

### Statement of Director's Responsibilities

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The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

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# Independent Auditor's Report to the Members of LK Group Limited

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We have audited the financial statements of LK Group Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 Statement of Directors' Responsibilities, 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 financials. 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 March 2012 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.

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# Independent Auditor's Report to the Members of LK Group Limited

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## **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

*Alistair Pritchard FCA*

Alistair Pritchard FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Nottingham, United Kingdom

25 JUNE 2013

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# LK Group Limited

## Profit and Loss Account for the Year Ended 31 March 2012

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		Year Ended 31 March 2012	1 January 2010 to 31 March 2011
	Note	£000	£000
Interest receivable and similar income	5	2	-
Interest payable and similar charges	6	-	(6)
<b>Profit/ (loss) on ordinary activities before taxation</b>		<b>2</b>	<b>(6)</b>
Tax on profit/ (loss) on ordinary activities	7	-	-
<b>Profit/ (loss) for the financial period</b>	12	<b>2</b>	<b>(6)</b>

Turnover and operating result derive wholly from continuing operations

The company has no recognised gains or losses for the period other than the results above

The notes on pages 9 to 15 form an integral part of these financial statements



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LK Group Limited (Registration number: 03672105)

Balance Sheet at 31 March 2012

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	Note	31 March 2012 £000	31 March 2011 £000
<b>Fixed assets</b>			
Investments	8	11,431	11,428
<b>Current assets</b>			
Debtors	9	<u>99</u>	<u>100</u>
<b>Total assets less current liabilities</b>		<u>11,530</u>	<u>11,528</u>
<b>Creditors Amounts falling due after more than one year</b>	10	<u>(16,370)</u>	<u>(16,370)</u>
<b>Net liabilities</b>		<u>(4,840)</u>	<u>(4,842)</u>
<b>Capital and reserves</b>			
Called up share capital	11	12	12
Share premium account	12	16,888	16,888
Profit and loss account	12	<u>(21,740)</u>	<u>(21,742)</u>
<b>Shareholders' deficit</b>	13	<u>(4,840)</u>	<u>(4,842)</u>

These financial statements were approved and authorised for issue by the director on

18/06/2013



Mr K Yoshikawa  
Director

The notes on pages 9 to 15 form an integral part of these financial statements

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# LK Group Limited

## Notes to the Financial Statements for the Year Ended 31 March 2012

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### 1 Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies are described below and have been applied consistently with the prior period.

The company extended its annual reporting date during the previous period to 31 March to bring it in to line with the reporting date of its ultimate parent company, the Nikon Corporation. Accordingly, these financial statements are for the year ended 31 March 2012, with the comparative period being for the 15 month period from 1 January 2010 to 31 March 2011.

#### Cash flow statement

As the company is a wholly owned subsidiary and its parent publishes consolidated financial statements, the director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements.

#### Going concern

The company is dependent on continuing finance being made available by its immediate parent company to enable it to meet its liabilities as they fall due. The immediate parent company, Nikon Metrology NV, has expressed its willingness to provide financial support to LK Group Limited in order to assist the company in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities.

Given the excessive liabilities and shareholders' deficit reported within the balance sheet, the director has a duty to be satisfied that there is sufficient evidence that the immediate parent has the ability, as well as the intention, to provide finance support for the company for the foreseeable future. Having made the assessment, the director is satisfied of this for the following reasons:

- Nikon Corporation reviewed and approved the 5-year business plan of the Nikon Metrology group in 2010 following acquisition of the group and consequently restructured the balance sheet of Nikon Metrology NV through the conversion of €77m of short term borrowing into capital. In addition Nikon Corporation created two new long term loan agreements, €35m to be repaid within ten years and €42m to be repaid within seven years. Finally Nikon Corporation opened a short-term working capital facility of €22m. In April 2012 Nikon Metrology Group received confirmation that their credit facility would be extended to €100m until April 2013. In May 2012 €48m of the long term loan facility was converted into a short term working capital facility. Nikon Corporation have confirmed in writing their intention to provide sufficient financial support for Nikon Metrology Group for a period in excess of 12 months from the date of signing of these financial statements. As a result of this restructuring the group has no external borrowings. The calculation of these loan and working capital facilities are in line with prudent expectations contained within the 5-year Nikon Metrology group plan.
- The Nikon Metrology group 5-year plan has so far been achieved, indicating the group is sufficiently funded.
- The directors of Nikon Metrology NV have confirmed in writing their intention to provide sufficient financial support for all UK subsidiaries.

The director recognises that there is uncertainty as to the amount and timing of cashflows to the company from the intermediate parent and other Nikon Metrology companies. However, based upon parent company support, the group business plan and his assessment of the ability of the group to continue within the current funding arrangements the director has concluded that the company will continue in operational existence for the foreseeable future and so has adopted the going concern basis of accounting in preparing these financial statements.

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# LK Group Limited

## Notes to the Financial Statements for the Year ended 31 March 2012

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### 1 Accounting policies (continued)

#### **Exemption from preparing group financial statements**

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Deferred tax**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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# LK Group Limited

## Notes to the Financial Statements for the Year ended 31 March 2012

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### 2 Auditor's remuneration

The auditor's remuneration of £4,000 (prior period - £4,000) has been borne by Nikon Metrology UK Limited

### 3 Particulars of employees

The average number of persons employed by the company (including the director) during the period, analysed by category was as follows

	Year Ended 31 March 2012	1 January 2010 to 31 March 2011
	No	No
Management	<u>1</u>	<u>1</u>

### 4 Director's remuneration

For the year to 31 March 2012 and the period to 31 March 2011 the director's emoluments have been borne by another group company. The director is also a director or officer of a number of companies within the Nikon Corporation. The director's services to the company do not occupy a significant amount of his time. As such the director does not consider that he has received any remuneration for his incidental services to the company for the period.

### 5 Interest receivable and similar income

	Year Ended 31 March 2012	1 January 2010 to 31 March 2011
	£000	£000
Interest from loans to group undertakings	<u>(2)</u>	<u>-</u>

### 6 Interest payable and similar charges

	Year Ended 31 March 2012	1 January 2010 to 31 March 2011
	£000	£000
Interest on loans from group undertakings	<u>-</u>	<u>6</u>

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# LK Group Limited

## Notes to the Financial Statements for the Year ended 31 March 2012

*continued*

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### 7 Taxation

#### Tax on profit/ (loss) on ordinary activities

	Year Ended 31 March 2012	1 January 2010 to 31 March 2011
	£	£
<b>Current tax</b>		
UK Corporation tax	-	-

#### Factors affecting current tax charge for the period

Tax on profit/ (loss) on ordinary activities for the period is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%)

The differences are reconciled below

	Year Ended 31 March 2012 £000	1 January 2010 to 31 March 2011 £000
Profit/ (loss) on ordinary activities before taxation	2	(6)
Corporation tax at standard rate	1	(2)
Non-taxable income	(1)	-
Expenses not deductible for tax purposes	-	2
Total current tax	-	-

#### Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. This will reduce the Company's future current tax charge accordingly.

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# LK Group Limited

## Notes to the Financial Statements for the Year ended 31 March 2012

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### 8 Investments held as fixed assets

	31 March 2012	31 March 2011
	£000	£000
Shares in group undertakings	-	-
Loans to group undertakings	11,431	11,428
	<u>11,431</u>	<u>11,428</u>

#### Loans to group undertakings

	Subsidiary undertakings £000
At 1 April 2011	11,428
Increase	3
At 31 March 2012	<u>11,431</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Subsidiary undertaking	Holding	Proportion of shares held	Country of Incorporation	Principal activity
LK Investments Limited	Ordinary shares	100%	UK	Dormant
Metris Asia Pacific Limited	Ordinary shares (indirect holding)	99%	Hong Kong	Dormant

During the year the company dissolved its subsidiary undertaking, Metris Precision Products Shanghai

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# LK Group Limited

## Notes to the Financial Statements for the Year ended 31 March 2012

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### 9 Debtors

	31 March 2012	31 March 2011
	£000	£000
Amounts owed by group undertakings	<u>99</u>	<u>100</u>

### 10 Creditors Amounts falling due after more than one year

	31 March 2012	31 March 2011
	£000	£000
Amounts owed to group undertakings	<u>16,370</u>	<u>16,370</u>

The long term loan from the intermediate parent undertaking, Nikon Metrology NV, has no fixed repayment period. The intermediate parent undertaking has indicated that they will not seek repayment of the loan in the foreseeable future.

### 11 Share capital

#### Allotted, called up and fully paid shares

	31 March 2012		31 March 2011	
	No 000	£000	No 000	£000
"A" ordinary shares of £0.01 each	144	1	144	1
"B" ordinary shares of £0.01 each	<u>1,100</u>	<u>11</u>	<u>1,100</u>	<u>11</u>
	<u>1,244</u>	<u>12</u>	<u>1,244</u>	<u>12</u>

The different classes of share capital rank equally in all respects.

### 12 Reserves

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 April 2011	16,888	(21,742)	(4,854)
Profit for the year	<u>-</u>	<u>2</u>	<u>2</u>
At 31 March 2012	<u>16,888</u>	<u>(21,740)</u>	<u>(4,852)</u>

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# LK Group Limited

## Notes to the Financial Statements for the Year ended 31 March 2012

*continued*

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### 13 Reconciliation of movement in shareholders' deficit

	Year Ended 31 March 2012	1 January 2010 to 31 March 2011
	£	£
Profit/ (loss) attributable to the members of the company	2	(6)
Shareholders' deficit at start of the period	(4,842)	(4,836)
Shareholders' deficit at end of period	<u>(4,840)</u>	<u>(4,842)</u>

### 14 Related party transactions

As a subsidiary undertaking of the Nikon Corporation, the company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other wholly owned members of the group headed by the Nikon Corporation

### 15 Ultimate parent undertaking and controlling entity

The company is controlled by the Nikon Corporation. On 31 March 2012 the company's immediate parent undertaking was Nikon Metrology NV, the parent company of the Nikon Metrology Group. Nikon Metrology NV is in turn a wholly owned subsidiary of the Nikon Corporation, a listed company incorporated in Japan. In the director's opinion, the Nikon Corporation was the company's ultimate parent undertaking and controlling party at that date.

At the year end the largest and smallest group of which LK Group Limited was a member and for which group financial statements were drawn up was headed by the Nikon Corporation. Copies of the group financial statements, which include those of the company, are available from Fuji Building, 3-2-3 Marunouchi, Chiyoda-ku, TOKYO 100-8331, Japan.