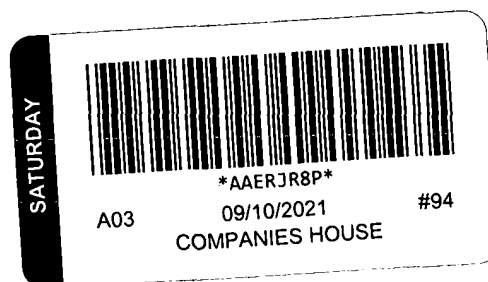


Registered number 02237808

Fujikura Europe Limited  
Annual report and financial statements  
for the year ended 31 March 2021



# Fujikura Europe Limited

## Annual report and financial statements for the year ended 31 March 2021

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# Fujikura Europe Limited

## Directors and advisers

### Directors

T. Nakatsuji  
A.Saita  
H.Hosoya  
K. Sato

### Company secretary and registrar

Mundays Company Secretaries Limited  
400 Dashwood Lang Road  
Weybridge, Surrey  
KT15 2HJ

### Registered Office

C51 Barwell Business Park  
Leatherhead Road  
Chessington  
Surrey  
KT9 2NY

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
4th Floor  
One Reading Central  
23 Forbury Road  
Reading  
RG1 3JH

# Fujikura Europe Limited

## Strategic report for the year ended 31 March 2021

### Business review and principal activities

Fujikura Europe Limited (FEL) continues to focus on the sales and support of a wide variety of technical products (fibre optic components and equipment) throughout Europe, predominantly manufactured within the Fujikura Group of Companies. FEL aims to align its business focus with that of Fujikura Japan where possible and we supply a vast array of products to a diverse range of customers.

Markets for our products range from the telecommunications market (predominantly for the sale of fibre optic and related products), consumer electronics market (electronic materials and connectors) through to the medical equipment market (specialist optical fibres). As such, the vast majority of our trade is “business to business” in nature.

Our sales revenue for the year of £83,841,168 represents a 21.5% increase when compared to the previous year of £69,061,736. Continued double digit growth for our Telecommunications division has been the key contributor for the impressive 21.5% increase in sales revenue. Electronic Products have experienced great growth at 39% with the key product driver being Wabe (medical device). Gross Margin improved to 10% in the current year from 9.5% previously as gross margin remained stable or improved across most product groups. Operating margin at 3.7% was a significant improvement on the prior year as a combination of reduced overheads (temporary saving due to the pandemic) and better gross margin filtered through.

The directors proposed and paid an interim dividend of £436,455 for the year ending 31 March 2021 but for the prior year no interim dividend was proposed or paid.

As at 31 March 2021, the Company had net assets of £5,963,175 (2020: £3,927,830).

The directors are satisfied with the Company’s performance during the year and have reviewed the prospects for the future.

The Company has made no political or charitable donations during the year (2020: £Nil).

### Business environment

Sales of our products for the year were just higher than expectation for the FY20 plan. Over the course of the financial year the business environment for all product categories has remained positive with the telecommunications market especially buoyant which has negated any possible downside risk presented by coronavirus. Europe is a core market so the management team are aware of any significant political or economic changes but feel with Fujikura’s excellent brand and high quality products we are well placed to weather any possibility of future uncertainty.

### Strategy

FEL believes passionately in customer service coupled with the “can-do” attitude of its staff, which has driven the Company from strength to strength and enabled it to weather difficult market conditions as well as enjoy favourable times. FEL plans to maintain its sales performance by the continued hard-working efforts of its staff, coupled with excellent products supplied to diverse markets. FEL has strived to diversify both product lines and market areas to alleviate the risk of product obsolescence and specific market down-turns.

### Principal risks and uncertainties

The management of the business and execution of strategy are subject to a number of risks. Key business risks principally relate to market and product competition, both from a national and international perspective and now include pandemics such as COVID-19. FEL also recognises the key importance of the retention of qualified staff and understands the risk of damage to its business of staff attrition. FEL strives for good staff relations with good retention of staff each year and it is our aim that this will be the case in future years.

# Fujikura Europe Limited

## Strategic report for the year ended 31 March 2021 (continued)

### Principal risks and uncertainties (continued)

Business risks are reviewed regularly (especially under the current COVID-19 environment) by the directors and appropriate processes are put in place to monitor and mitigate their impact.

### Key performance indicators (KPI's)

As a sales and marketing company our main key performance indicators remain annual revenue as a basic measure of our effectiveness in distributing Fujikura-made products in Europe, and profit before tax.

Our two main KPIs have been analysed in the table below:

	2021 £	2020 £	
Revenue	83,841,168	69,061,736	The telecommunications market continues to be the main driver for growth and accounts for 83% of turnover. Very strong growth both in the UK and mainland European markets has been the key contributor with many countries rolling out fibre to the home (FTTH) projects. The Electronics and connectors business has had a great year as Wabe (medical device) products have had exceptional year on year growth.
Profit before tax	3,085,369	409,229	Profitability year on year has significantly increased as revenue continues to grow strongly, coupled with an increase in Gross Margin and reduced distributions costs due to lower activity of the sales team because of COVID restrictions has meant our Profit before tax has experienced a significant uplift.

With our focus on extracting maximum benefit from expected positive developments in our key markets as well as diversifying into others, FEL, with a focussed and efficient work-force, is optimistic but realistic about the coming years ahead.

### Financial risk management

The Company's operations expose it to financial risks that include credit risk, liquidity risk and foreign exchange risk. The company has the majority of its dealings with inter-group companies, and the price risk is managed by other companies within the group, therefore the company is not exposed to significant price risks. Interest rate and cash flow risks are considered to be minimal as the company does not deal in interest bearing assets or liabilities, except for bank overdraft and cash and cash equivalents.

#### Credit risk

The Company has implemented procedures that require appropriate credit checks on potential new customers before sales are made. A credit insurance policy protecting FEL from bad debt or bankruptcy for most of its customers has been in place since the beginning of 2008.

#### Liquidity risk

The Company during the year utilised short-term bank facilities that are designed to ensure the company has sufficient available funds for operations and funds available from the group. The company has drawn down on one of its bank facilities at the end of the of the financial year.

#### Foreign currency risk

Wherever possible, the Company purchases and sells in the same currencies to mitigate the foreign exchange risk and protect underlying profit (natural hedge). The company processes much of its revenue and cost of sales in currencies other than the sterling reporting currency and therefore is subject translational risk. The majority of foreign exchange gains and losses are generated from cash balances held in foreign currencies.

# Fujikura Europe Limited

## Strategic report for the year ended 31 March 2021 (continued)

### Energy and emissions report

In accordance with the regulations set out in 'The Companies and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, Fujikura Europe Limited is required to disclose its energy use and emissions but also has chosen to disclose its current and future energy efficiency actions.

The board of directors at Fujikura Europe Limited understand the importance and risks posed by climate change to our stakeholders and supply chain and are keen to improve energy efficiency and reduce our carbon emissions. As a sales company we are focused on evaluating how our business activities interact with the wider environment and are looking to reduce our carbon footprint.

The following table breaks down our UK energy use which is generated from our office, distribution, service centre (Barwell) and UK business travel.

	2021	2020
<b>Green House Gas (GHG) Emissions (Unit: tonnes CO2e)</b>		
Gas	8.70	9.40
Electricity	14.06	17.06
Fuel from transport purchased for business use	11.65	14.78
<b>Total Associated Greenhouse gas emissions Tonnes CO2 equivalent (tonnes CO2e)</b>	<b>34.41</b>	<b>41.24</b>
Electricity use kWh	60,314	73,174
Gas use kWh	47,342	51,043
<b>Intensity ratio Emission per square metre of Barwell site</b>	<b>26.47</b>	<b>31.71</b>

We report our carbon emissions following the Greenhouse Gas Protocol, which incorporates the scope 2 and 3 market-based emission methodology. We report carbon dioxide emissions resulting from energy use in our building and employee's business travel.

Fujikura Europe Limited has over the past few years introduced energy efficiency actions which have focused on three main areas. Firstly, reducing the energy of the Barwell office. This has been achieved by replacing the existing lighting infrastructure with LED's which is the major factor in reducing our electricity usage year on year. Secondly, employee energy education. The focus has been to make employees aware of their energy consumption within the office environment by posters/notices reminding employees to switch off lights in meeting rooms when not in use and limiting the use of air conditioning when it is not needed. Thirdly, all new additions to the company car fleet are 'hybrid vehicles. At the end of the current reporting period more than half of the company car fleet are now classed as a hybrid vehicle.

Future plans for energy efficiency include evaluating the benefits of implementing solar energy to act as a renewable source for the Barwell site and move the company car fleet to a minimum 75% of hybrid vehicles.

# Fujikura Europe Limited

## Strategic report for the year ended 31 March 2021 (continued)

### **S172 (1) Approach taken by Directors'**

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement explains how Fujikura Europe Limited Directors:

- have engaged with employees, suppliers, customers, distributors and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers, distributors and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to Fujikura Europe Limited, and the level of information disclosed is consistent with the size and the complexity of the business.

### **General confirmation of Directors' duties**

Fujikura Europe Limited's Board has a clear framework for determining the matters within its remit. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval.

When making decisions, each Director ensures that he acts in the way he considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

### **S172(1) (A) "The likely consequences of any decision in the long term"**

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the continuing COVID-19 crisis. The Directors have considered how the long term objectives of Fujikura Group need to be mirrored within Fujikura Europe Limited and ensure our commitment to Fujikura's corporate philosophy that we will uphold the 'Mission' to create value and quality for customers, achieve the 'Vision' to become the most trusted partner in Europe and excel in meeting our 'Core Values: Customer Satisfaction, Change and Collaboration'.

### **S172(1) (B) "The interests of the company's employees"**

The Directors recognise that Fujikura Europe Limited employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

### **S172(1) (C) "The need to foster the company's business relationships with suppliers, customers distributors and others"**

Delivering our strategy requires strong mutually beneficial relationships with customers, distributors, and suppliers. Fujikura Europe Limited seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The business continuously assesses the priorities related to customers and distributors and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates.

Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged and which helps to form the business strategy of the Company. The information

# Fujikura Europe Limited

## Strategic report for the year ended 31 March 2021 (continued)

### **S172(1) (C) “The need to foster the company’s business relationships with suppliers, customers distributors and others” (continued)**

provided is taken from distributor open days, customer feedback questionnaires and regular customer/distributor contacts.

### **S172(1) (D) “The impact of the company’s operations on the community and the environment”**

Fujikura Europe Limited is a member of the wider Fujikura Group and therefore follows the Group corporate social responsibilities which comprise of activities required for sustainable corporate management and activities for the establishment of a sustainable society. Fujikura Europe Limited follows four areas to fulfil our social responsibilities in all aspects of our corporate activities so that each and every employee will comply with the relevant laws and regulations and adhere to our community’s social norms and values. The four areas cover honest corporate activities, concern for the environment, respect for people and harmony with society.

### **S172(1) (E) “The desirability of the company maintaining a reputation for high standards of business conduct”**

Fujikura Europe Limited adheres to the need to maintain its reputation for high standards in conducting business. The Directors ensure the Company maintains compliance by regular review of key frameworks such as Fujikura Europe Limited’s Code of Conduct, Anti Bribery, Anti Corruption and Modern Slavery statements to ensure that its high standards are maintained both within the business and wider business relationships. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards help assure its decisions are taken and that Fujikura Europe Limited acts in ways that promote high standards of business conduct.

### **S172(1) (F) “The need to act fairly as between members of the company”**

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company’s members but are not required to balance the Company’s interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

## **Culture**

The Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The Board has established Mission, Vision and Core Values as the guiding principles for our people. The General Business Principles, Code of Conduct, and Code of Ethics help everyone at Fujikura Europe Limited act in line with these values and comply with relevant laws and regulations. The Fujikura Europe Limited Commitment and Policy on Health, Safety, Security, Environment & Social Performance applies across Fujikura Group and is designed to help protect people and the environment. We also strive to maintain a diverse and inclusive culture.

### **Stakeholder engagement (including employee engagement)**

The Board recognises the important role Fujikura Europe Limited has to play in society and is deeply committed to public collaboration and stakeholder engagement. This commitment is at the heart of Fujikura Europe Limited’s strategic ambitions. The Board strongly believes that Fujikura Europe Limited will only succeed by working with customers, distributors, and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, faces issues as complex and challenging as climate change and the continuing COVID-19 crisis.

The Company has engaged with its stakeholders through a variety of communications tools which include management meetings, intra-net, internet (FEL website), team meetings, distributor open days (via Microsoft Teams) and customer training days (both in person and via Microsoft Teams).

# Fujikura Europe Limited

## Strategic report for the year ended 31 March 2021 (continued)

### Principal decisions

Below, we outline some of the principal decisions made by the Board over the year, explain how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of decision-making.

To remain concise, we have categorised our key stakeholders into four groups. Where appropriate, each group is considered to include both current and potential stakeholders.

- A) Employees
- B) Distributors
- C) Customers
- D) Suppliers (Group companies and third party suppliers)

### Principal decisions

We define principal decisions taken by the Board as those decisions in FY20 that are of a strategic nature and that are significant to any of our key stakeholder groups but note decisions have been limited due to the impact of the pandemic with decisions such as the implementation of the e-commerce solution being deferred to FY21.

### How were stakeholders considered

We describe how regard was given to likely long-term consequences of the decision including how stakeholders were considered during the decision-making process.

### What was the outcome

We describe which accommodations/ mitigations were made, if any, and how Directors have considered different interests and the factors taken into account.

### Approval of Fujikura Europe Limited's Business Plan 2020-2021 (FY20)

#### What was the outcome

The approval of FY20 followed an in-depth review by the Board of proposals on capital allocation, capital investment outlook, competitive outlook, operating expenses and return on average capital employed and shareholder distributions. This includes reviews in August 2020 which lead to the approval of the 2H revised plan.

### How were stakeholders considered

FY20 discussions included a full review of Fujikura Europe Limited's customer portfolio and with this, how we can achieve our Core Values; Customer Satisfaction, Change and Collaboration. Against this, the plan was discussed extensively with our divisional leads, Group suppliers and distributors. This was balanced against the importance of the value placed on Fujikura Europe Limited by society (including employees, customers, distributors and suppliers) for the services provided by the business and the way in which we conduct business. Information on employees and our organisational structure featured as part of FY20. The plan maintained the approach to salaries, benefits, health, worker welfare, focus on employee experience and training.

On behalf of the board

  
.....  
T Nakatsuji - Director

.....  
Date: 24 September 2021

# Fujikura Europe Limited

## Directors' report for the year ended 31 March 2021

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Explanation of business review, principal activities, future developments, principal risks and uncertainties, energy and emissions and disclosures in respect of political donations can be found within the Strategic report.

The company operates two branch offices which are based in Germany and Italy and therefore are part of the European Union.

### Directors

Directors who held office during the year and up to the date of approval of these financial statements, were as follows:

T.Nakatsuji  
A.Saita  
H.Hosoya  
K.Sato

None of the directors had any beneficial interest in the shares of the company.

The directors proposed and paid an interim dividend for the year ending 31 March 2021 of £436,455 but for the prior year no interim dividend was proposed or paid.

### Statement of directors' responsibilities 'in respect of the financial statements'

The directors are responsible for preparing the Annual Report and the financial statements in accordance with international accounting standards.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

### Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its Directors.

# Fujikura Europe Limited

## Directors' report for the year ended 31 March 2021 (continued)

### Future Developments including impact of COVID-19 and Brexit

The directors have completed the financial plan for FY21 with sole aim of delivering Fujikura's wide product range to the European market. The directors do not expect the operations of the company to change significantly in the foreseeable future. The impact of COVID-19 has seen an uplift in demand for our Telecom products which has had a positive impact on our Revenue and Pre-tax Profit for this reporting year. Our business model has continued to remain strong during these testing times so we have not needed to use any of the government schemes to support businesses such as the 'Coronavirus Job Retention Scheme, deferring tax payments or government backed loans'.

The directors have assessed the impact of the United Kingdom departure from the European Union and believe that there will be no material impact to our Revenue or Pre-tax profit in the short to medium term.

### Disclosure of information to auditors

As far as each of the directors is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On behalf of the board

  
.....  
T Nakatsuji - Director

.....  
Date: 24 September 2021

# Fujikura Europe Limited

## Independent auditors' report to the members of Fujikura Europe Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion, Fujikura Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2021; the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

# Fujikura Europe Limited

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### 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.

# Fujikura Europe Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to enhance the financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Challenge of assumptions and judgements made by management in respect of significant accounting estimates;
- Obtaining an understanding of the entity's policies and procedures on compliance with laws and regulations; and
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Imran Younus (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
24 September 2021

# Fujikura Europe Limited

## Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £	2020 £
Revenue	2	83,841,168	69,061,736
Cost of sales		(75,624,313)	(62,820,082)
<b>Gross profit</b>		<b>8,216,855</b>	<b>6,241,654</b>
Distribution costs		(2,729,745)	(3,128,140)
Administrative expenses		(2,377,630)	(2,629,956)
Other operating income	3	-	10,614
<b>Operating profit</b>	6	<b>3,109,480</b>	<b>494,172</b>
Finance income	7	12,085	8
Finance costs	8	(36,196)	(84,951)
<b>Profit before tax</b>		<b>3,085,369</b>	<b>409,229</b>
Income tax expense	9	(613,569)	(75,129)
<b>Profit for the year</b>	18	<b>2,471,800</b>	<b>334,100</b>
Total comprehensive income for the year		2,471,800	334,100

The notes on pages 19 to 40 are an integral part of the financial statements

Registered number: 02237808

# Fujikura Europe Limited

## Statement of financial position at 31 March 2021

	Note	2021 £	2020 £
<b>Non-current assets</b>			
Deferred tax asset	9	2,106	14,786
Property, plant and equipment	10	1,923,140	611,887
		<b>1,925,246</b>	626,673
<b>Current assets</b>			
Inventories	11	11,554,820	6,664,644
Trade and other receivables	12	19,320,906	15,714,351
Cash and cash equivalents	13	1,591,036	3,009,532
		<b>32,466,762</b>	25,388,527
<b>Total assets</b>		<b>34,392,008</b>	26,015,200
<b>Equity and liabilities</b>			
<b>Equity attributable to owners</b>			
Share capital	16	600,000	600,000
Share premium	17	100,000	100,000
Capital reserves	17	47,286	47,286
Retained earnings	17	5,215,889	3,180,544
<b>Total equity</b>	18	<b>5,963,175</b>	3,927,830
<b>Current liabilities</b>			
Borrowings	14	1,157,278	-
Trade and other payables	15	25,507,363	21,710,387
Current lease liability	20	150,968	256,164
		<b>26,815,609</b>	21,966,551
<b>Non-current liabilities</b>			
Non-current lease liability	20	1,613,224	120,819
		<b>1,613,224</b>	120,819
<b>Total liabilities</b>		<b>28,428,833</b>	22,087,370
<b>Total equity and liabilities</b>		<b>34,392,008</b>	26,015,200

The notes on pages 19 to 40 are an integral part of the financial statements.

The financial statements on pages 15 to 40 were approved by the Board of directors on 24 September 2021 and were signed on its behalf by:



T Nakatsuji - Director

Registered number: 02237808

# Fujikura Europe Limited

## Statement of changes in equity for the year ended 31 March 2021

	Note	Share capital	Share premium and capital reserves	Retained earnings	Total equity
		£	£	£	£
<b>At 1 April 2019</b>		600,000	147,286	2,846,444	3,593,730
Profit for the financial year and total comprehensive income		-	-	334,100	334,100
<b>At 31 March 2020</b>		600,000	147,286	3,180,544	3,927,830
Profit for the financial year and total comprehensive income		-	-	2,471,800	2,471,800
Interim dividends distributed to shareholders	19	-	-	(436,455)	(436,455)
<b>At 31 March 2021</b>		<b>600,000</b>	<b>147,286</b>	<b>5,215,889</b>	<b>5,963,175</b>

# Fujikura Europe Limited

## Statement of cash flows for the year ended 31 March 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	24	(1,212,072)	4,175,012
Interest received	7	6	8
Interest paid	8	(3,963)	(28,156)
Income tax paid		(606,973)	(231,346)
Dividends paid (interim)	19	(436,455)	-
<b>Net cash generated (used in)/from operating activities</b>		<b>(2,259,457)</b>	<b>3,915,518</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and software	10	(48,089)	(43,290)
Proceeds from sale of property, plant and equipment		18,784	4,247
<b>Net cash used in investing activities</b>		<b>(29,305)</b>	<b>(39,043)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments	20	(299,091)	(392,147)
<b>Net cash used in financing activities</b>		<b>(299,091)</b>	<b>(392,147)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,587,853)</b>	<b>3,484,328</b>
Exchange gain/(loss) on cash and cash equivalents	7	12,079	(56,794)
Cash, cash equivalents and bank overdrafts at beginning of year		3,009,532	(418,002)
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	13	<b>433,758</b>	<b>3,009,532</b>

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021

### 1 Accounting policies

#### a) Basis of preparation and changes in accounting policy

A summary of the significant accounting policies followed by the Company and applied consistently is shown below.

The Company is a private company limited by shares, domiciled in the United Kingdom and incorporated in England and Wales. Fujikura Europe Limited (FEL) continues to focus on the sales and support of a wide variety of technical products throughout Europe predominantly manufactured within the Fujikura Group of Companies.

Markets for our products range from the telecommunications market (predominantly for the sale of fibre optic related products), consumer electronics market (electronic materials and connectors) through to the medical equipment market (specialist optical fibres). As such, the vast majority of our business is B2B (business to business) in nature.

The financial statements have been prepared in accordance with international accounting standards and interpretations in conformity with the requirements of the Companies Act 2006 and those parts of the Companies Act 2006 applicable to companies reporting under international accounting standards and on a going concern basis.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reported year. Although these estimates and assumptions are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The critical judgements are detailed later in this note.

The financial statements have been prepared under the historical cost convention, and investment property at fair value through profit and loss account.

#### Going Concern

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### Changes in accounting policy and disclosures

##### Amended standards adopted by the company

The following amended standards have been adopted for the accounting period beginning on or after 1 April 2020

- Amendments to IFRS 3 – Definition of a business
- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

None of the above amendments are applicable to the Company. There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### b) Foreign currency

Pounds sterling is the Company's functional and presentational currency.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

#### b) Foreign currency (continued)

Transactions in currencies other than the functional currency of the entity, are recorded at the rates of exchange at the dates of the transactions. At each balance sheet date monetary assets and liabilities denominated in foreign currencies at the balance sheet date, are retranslated at the rates of exchange prevailing at that date.

The exchange differences arising on retranslation are taken to the statement of comprehensive income.

#### c) Investment property

Investment property is property held not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in the statement of comprehensive income.

#### d) Property, plant and equipment, and depreciation

Leasehold property, motor vehicles and fixture, fittings and equipment are stated at cost, net of accumulated depreciation and any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

The useful economic life and residual values are reviewed annually.

Depreciation is provided on all tangible fixed assets and freehold properties, at rates calculated to write off the cost over their estimated useful lives, on a straight-line basis as follows.

Motor vehicles	4 years
Leasehold properties	5 years
Fixtures, fittings and equipment	5 to 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

#### e) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of the fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

#### f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and are held at actual cost of the inventory. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### g) Revenue

Revenue represents the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of discounts and value added tax. Revenue is recognised when the Company has fulfilled its performance obligations under the relevant customer contract. The Company primarily sells goods but has secondary revenue streams generated by services and commissions. Revenue for each revenue stream is recognised as described below.

To the extent that invoices are raised to a different pattern than the revenue recognition described below, appropriate adjustments are made through deferred and accrued income to account for revenue when the performance obligations have been met.

- **Goods sold**

Revenue from the sale of goods is the consideration received or receivable, net of returns, discounts and rebates. Revenue is recognised at a point in time and when performance obligations satisfied such as recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfer of control usually occurs when the product is received at the customer's warehouse; however, for international shipments, the transfer of control is dependent upon the particular terms negotiated with each customer.

- **Services**

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the time left on the completion of the transaction at the reporting date subject to the performance obligations being met.

- **Commissions**

Commission income is recognised on an accruals basis subject to the performance obligations being met (continuation of direct sales to end customer). Typically a period covers a financial quarter.

#### h) Taxation

The tax expense for the period comprises current tax and deferred tax. The tax currently payable is based on taxable profit for the year. The current tax expense is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arose from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

#### h) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income.

#### i) Employer benefits

- **Retirement benefit costs**

The company makes defined contributions to the personal pension plans arranged by each individual employee at an agreed percentage of gross salary. Contributions payable to the funds are charged annually in the financial statements as part of the employment costs. The contributions are made to a separately administered fund, the assets of which are held separately from those of the company. Pension contribution costs are charged to the statement of comprehensive income as incurred.

- **Short-term benefits**

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### j) Financial assets and liabilities

Financial assets and liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

- **Trade and other receivables**

Trade receivables do not contain significant financing components and therefore are initially recognised at their fair value and subsequently measured at their amortised cost. Impairment for trade receivables will be measured under the simplified approach with an expected credit loss percentage applied to each aging category. The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows. Gains and losses from movements in the provisions are recognised through the statement of comprehensive income within administrative expenses.

- **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

- **Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

#### k) Financial risks

The Company's activities expose it primarily to financial risks that include interest rate risk, credit risk and liquidity risk.

- **Interest rate risk**

Interest-bearing financial assets and liabilities are all short term. Hence with the current interest rate level any future variation in interest rates will not have a material impact on net profit.

- **Credit risk**

The Company places its cash with creditworthy institutions. The Company performs ongoing credit evaluation of its customers' financial condition. The carrying amounts of cash, trade receivable and other receivables represent the maximum credit risk that the Company is exposed to. The trade receivables are distributed in such a manner that the concentration of credit risk is not considered extraordinary. A credit insurance policy to protect the Company from bad debt or bankruptcy of its customers, has been purchased until the end of 2018.

- **Liquidity risk**

Working capital requirements are funded through own trading activities and use of agreed bank overdraft facilities. Management monitors forecasts of the company's liquidity position on the basis of expected cash flow. Bank borrowings are considered to be repayable in less than one year therefore no analysis has been prepared of the contractual maturity date, however, for lease liabilities greater than one-year analysis has prepared under note 20.

#### l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is more likely than not, that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

#### m) Leases

The Company recognises a right-of-use asset and corresponding liability at the date at which the leased asset is made available for use by the Company. Lease liabilities are measured at the present value of the future lease payments including fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable.

On entering into a lease, a right of use asset and lease liability will be created.

The right-of-use asset will be depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Variable rents are not part of the lease liability and the right-of-use-asset. The payments are recognised as an expense in the period in which they are incurred.

Where leases are 12 months or less, or of low value then payments made are expensed evenly over the period of usage of that asset in line with the practical expedients set out in IFRS 16.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

#### n) Exceptional items

Where items of income and expense included in the statement of comprehensive income are considered to be material and one off in nature, separate disclosure of their nature and amount is provided in the financial statements. These items are classified as exceptional items. The Company considers the size and nature of an item both individually and when aggregated within similar items, when considering whether it is material.

#### o) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### p) Critical accounting judgements and key areas of estimation uncertainty

In preparing the financial statements, management has to make judgements on how to apply the Company's accounting policies and make estimates about the future. No critical judgements have been made in arriving at the amounts recognised in the financial statements and there are no key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year.

#### q) Capital policy

The Company's objectives when managing capital are to safeguard the Company's ability to continue in operation to provide return to shareholders and benefits for other stakeholders. The Company defines capital as cash and cash equivalents which is quantifiable by cash held at the bank. The Company will adjust dividends to maintain the capital levels required. No external debt is held by the Company, except bank overdraft to consider specific gearing ratios. The quantitative information relating to cash and cash equivalents have been disclosed in note 13.

#### r) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 2 Revenue

#### Business and Geographical segments

The Company operates in the telecommunications, consumer electronics and medical markets supplying fibre optic products, electronic materials and connectors.

#### Revenue by type:

	2021	2020
	£	£
Fibre optics	69,842,937	56,985,820
Electronics	9,673,751	6,972,935
Connectors and other	4,324,480	5,102,981
	<b>83,841,168</b>	<b>69,061,736</b>

#### Revenue by geographic market:

	2021	2020
	£	£
UK	30,283,498	25,202,827
Europe	52,337,076	43,074,954
Rest of the world	1,220,594	783,955
	<b>83,841,168</b>	<b>69,061,736</b>

### 3 Other operating income

	2021	2020
	£	£
Other income	-	10,614

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 4 Directors' emoluments

	2021 £	2020 £
Remuneration for qualifying services	223,470	261,484
Aggregate emoluments	223,470	261,484

Emoluments disclosed above include the following amounts paid to the  
Highest paid director:

Emoluments for qualifying services	223,470	208,028
------------------------------------	---------	---------

The Company believes that key management personnel are only the statutory directors.

During the year, 1 director (2020: 2) was remunerated through the Company. The remuneration of the remaining directors are paid by the parent company which makes no recharge to the company. The remaining directors are directors of the parent company and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the remaining directors. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the parent company.

### 5 Employee information

The average monthly number of people (including executive directors and seconded employees from Fujikura Limited) working for the Company during the year was:

	2021 Number	2020 Number
Selling and distribution	39	40
Administration	11	12
	50	52

	2021 £	2020 £
Staff costs (for the above people)		
Wages and salaries`	3,275,305	3,563,429
Social security costs	260,734	232,986
Other pension costs (see note 23)	162,419	147,493
	3,698,458	3,943,908

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 6 Operating profit

	2021	2020
	£	£
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment	383,693	459,725
Auditors' remuneration		
- Fees payable to Company's auditors and their associate for audit of company financial statements	84,241	63,676
- Fees payable to Company's auditors and their associate for other services: tax compliance services	2,900	2,900
Rentals payable under operating leases – land and buildings	20,332	-
Rentals payable under operating leases – other	-	-
Profit on disposal of property, plant and equipment	(11,574)	(4,247)

### 7 Finance income

	2021	2020
	£	£
Interest receivable	6	8
Foreign exchange gain	12,079	-
	12,085	8

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 8 Finance costs

	2021	2020
	£	£
Interest on bank loans and overdrafts	3,963	6,475
Interest charged on lease liabilities	32,233	21,681
Foreign exchange loss	-	56,795
	<b>36,196</b>	<b>84,951</b>

As at 31 March 2021, if the £ had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit for the financial year would have been £1,434 lower/£1,298 higher (2020: £9,139 lower/£8,268 higher).

As at 31 March 2021, if the £ had strengthened/weakened by 5% against the Japanese Yen with all other variables held constant, profit for the financial year would have been £17,279 higher/£19,098 lower (2020: £35,195 higher/£38,900 lower).

As at 31 March 2021, if the £ had weakened/strengthened by 5% against the Euro with all other variables held constant, profit for the financial year would have been £87,506 higher/£79,172 lower (2020: £121,088 higher/£109,556 lower).

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 9 Income tax expense

	2021	2020
	£	£
<b>Current tax:</b>		
Current tax on profits for the year	592,652	91,527
Adjustments in respect of previous years	8,237	(13,255)
<b>Total current tax</b>	<b>600,889</b>	<b>78,272</b>
<b>Deferred tax:</b>		
Current year	13,303	1,469
Adjustments in respect of previous years	(1,393)	(2,201)
Effect of changes in tax rates	770	(2,411)
<b>Total deferred tax</b>	<b>12,680</b>	<b>(3,143)</b>
<b>Income tax expense</b>	<b>613,569</b>	<b>75,129</b>

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK 19.00% (2020: 19.00%).

The differences are explained below:

	2021	2020
	£	£
Profit on ordinary activities before taxation	3,085,369	409,229
Profit on ordinary activities before taxation multiplied by standard rate in the UK 19.00% (2020: 19.00%)	586,220	77,754
Effects of:		
Expenses not deductible for tax purposes	163	5,542
Effects of changes in tax rates	770	(2,411)
Exempt amounts	19,572	9,700
Adjustments in respect of previous years	6,844	(15,456)
<b>Total tax charge for the year</b>	<b>613,569</b>	<b>75,129</b>

The effective tax rate is 19.9% (2020: 18.4%)

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 9 Income tax expense (continued)

#### Factors affecting current and future tax charges

The tax on profit for the year differs from the standard rate of corporation tax in the UK (2020 – differs from the standard rate of corporation tax in the UK) of 19% (2020 – 19%).

Deferred taxes at the balance sheet date have been calculated at 19% (2020 – 19%) on the basis that the majority of the underlying timing differences are expected to reverse at 19% (2020 – 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of corporation tax rate will increase to 25%. The rate change had not been substantively enacted at the balance sheet date and is not reflected in these financial statements.

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar rate to the current year.

The analysis of deferred tax in the financial statements are:	Provided 31-Mar 2021 £	Movement £	31-Mar 2020 £	Unprovided 31-Mar 2021 £	31-Mar 2020 £
Depreciation in excess of capital allowances	(783)	(12,426)	11,643	-	-
Other timing differences	2,889	(254)	3,143	14,007	14,007
<b>Total deferred tax</b>	<b>2,106</b>	<b>(12,680)</b>	<b>14,786</b>	<b>14,007</b>	<b>14,007</b>

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 10 Property, plant and equipment

	Investment properties £	Leasehold properties £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2019	62,022	435,387	175,050	566,988	1,239,447
Additions	-	11,658	-	31,632	43,290
Disposals	-	-	(23,396)	(3,536)	(26,932)
At 31 March 2020	62,022	447,045	151,654	595,084	1,255,805
Additions	-	-	-	22,015	22,015
Disposals	-	-	(71,305)	-	(71,305)
At 31 March 2021	62,022	447,045	80,349	617,099	1,206,515
<b>Accumulated depreciation</b>					
At 1 April 2019	62,022	369,197	121,815	422,973	976,007
Charge for year	-	20,457	18,901	46,800	86,158
Disposals	-	-	(23,396)	(3,536)	(26,932)
At 31 March 2020	62,022	389,654	117,320	466,237	1,035,233
Charge for year	-	21,929	6,598	45,884	74,411
Disposals	-	-	(64,095)	-	(64,095)
At 31 March 2021	62,022	411,583	59,823	512,121	1,045,549
<b>Net book value at 31 March 2021</b>	-	35,462	20,526	104,978	160,966
Net book value at 31 March 2020	-	57,391	34,334	128,847	220,572

All leasehold property is held under short term lease arrangements. The investment properties are timeshare properties for Company use which have been written down in value to £nil as the Company does not foresee any value in the timeshare properties held.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 10 Property, plant and equipment (continued)

	Leasehold property £	Motor vehicles £	Total £
<b>Right of use Asset</b>			
Initial recognition at 1 April 2019	<b>631,352</b>	<b>14,366</b>	<b>645,718</b>
Additions	87,781	31,383	119,164
Disposals	-	-	-
At 31 March 2020	<b>719,133</b>	<b>45,749</b>	<b>764,882</b>
Additions	1,662,642	17,499	1,680,141
Disposals	-	-	-
At 31 March 2021	<b>2,381,775</b>	<b>63,248</b>	<b>2,445,023</b>
<b>Accumulated depreciation</b>			
At 1 April 2019	-	-	-
Charge for year	359,386	14,181	373,567
Disposals	-	-	-
At 31 March 2020	<b>359,386</b>	<b>14,181</b>	<b>373,567</b>
Charge for year	290,803	18,479	309,282
Disposals	-	-	-
At 31 March 2021	<b>650,189</b>	<b>32,660</b>	<b>682,849</b>
<b>Net book value at 31 March 2021</b>	<b>1,731,586</b>	<b>30,588</b>	<b>1,762,174</b>
Net book value at 31 March 2020	359,747	31,568	391,315

Leasehold property additions for the year include the renew of the main office, warehouse and engineering centre lease for a period of 10 years

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 11 Inventories

	31-Mar 2021 £	31-Mar 2020 £
Finished goods and goods for resale	11,554,820	6,664,644

The directors consider that the replacement cost of inventories does not materially exceed the balance sheet value, and that the carrying amount approximates their fair value.

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £75,003,921 (2020: £61,987,179).

The write down of inventories recognised as an expense and included in 'cost of sales' amounted to £32,917 (2020: £26,955).

### 12 Trade and other receivables

	31-Mar 2021 £	31-Mar 2020 £
Trade receivables	17,992,711	14,489,223
Amounts receivable from parent undertaking	229,076	320,895
Amounts receivable from fellow subsidiaries	35,137	22,604
Other receivables	567,058	484,756
Corporation Tax Asset	35,403	29,319
Prepayments and accrued income	461,521	367,554
	19,320,906	15,714,351

The directors consider that the carrying amount of trade and other receivables approximate to their fair value.

Trade receivables are in respect of contractual agreements with customers. Of the trade receivables not overdue £nil (2020: £nil) is impaired. Of the trade receivables overdue £126,580 (2020: £153,041) is impaired.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 12 Trade and other receivables (continued)

#### Credit quality of trade receivables, amounts due from parent undertaking and amounts due from fellow group subsidiaries

The credit quality of the trade receivables that are neither past due nor impaired can be assessed by use of the historical information about counterparty default rates.

	31-Mar 2021	31-Mar 2020
	£	£
Counterparties without external credit rating:		
Group 1	551,434	252,473
Group 2	17,832,070	14,733,290
Total unimpaired trade receivables	18,383,504	14,985,763

Group 1 – new customers/related parties (less than 6 months)

Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.

As at 31 March, the ageing of receivables is as follows:

	31-Mar 2021	31-Mar 2020
	£	£
Not yet due	16,628,880	13,581,914
Up to 1 month past due	1,276,641	918,653
Up to 2 months past due	90,363	339,135
Up to 3 months past due	291,713	51,542
+4 months past due	95,907	94,519
Impairment provision	(126,580)	(153,041)
	18,256,924	14,832,722

The maximum credit risk at the reporting date is the fair value of each class of receivable. No collateral is held by the Company as security. The Company has agreed to extend its credit insurance agreement until December 2020.

	31-Mar 2021
	£
Opening impairment provision	153,041
Additional impairment provision	-
Provision utilised	(26,461)
Closing impairment provision	126,580

The impact to the statement of comprehensive income is zero as the provision charge was recognised in prior years.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 13 Cash, cash equivalents and bank overdrafts

For the purposes of Cash flow statement the following information is included in Cash and cash equivalents as of the 31 March:

Cash and bank overdraft position at end of the year	31-Mar	31-Mar
	2021	2020
	£	£
Cash and cash equivalents at end of the year	1,591,036	3,009,532
Bank borrowings at the end of the year	(1,157,278)	-
<b>Cash and cash equivalents at end of the year</b>	<b>433,758</b>	<b>3,009,532</b>

The credit quality of short term financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's (below) or to historical information about counterparty default rates.

	31-Mar	31-Mar
	2021	2020
	£	£
A3	113,400	1,427,628
A1	320,358	1,581,904
<b>Cash and cash equivalents at end of the year</b>	<b>433,758</b>	<b>3,009,532</b>

### 14 Borrowings

The Company has overdraft facilities with Sumitomo Mitsui Banking Corporation and MUFG Bank up to the value of £2,000,000 (interest rate LIBOR plus 1%) and £1,500,000 (interest rate 2%) respectively. The overdraft is repayable on demand and at year end had been utilised to the value of £1,157,278 (2020: £nil).

### 15 Trade and other payables

	31-Mar	31-Mar
	2021	2020
	£	£
Trade payables	489,751	452,098
Amounts payable to parent undertaking	19,346,345	15,663,549
Amounts payable to fellow subsidiaries	3,224,478	3,334,568
Other taxation and social security payable	518,751	579,561
Other payables	427,055	200,946
Accruals and deferred income	1,500,983	1,479,665
	<b>25,507,363</b>	<b>21,710,387</b>

The maturity of the payables are less than four months. The directors consider that the carrying amount of trade payables and other payables approximates to their fair value.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 16 Share capital

	31 March 2021 £	31 March 2020 £
<b>Authorised</b>		
1,000,000 (2020:1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted, called up and fully paid</b>		
600,000 (2020: 600,000) ordinary shares of £1 each	600,000	600,000

### 17 Reserves

	Share premium £	Capital reserve £	Retained earnings £
At 1 April 2020	100,000	47,286	3,180,544
Profit for the financial year	-	-	2,471,800
Equity distribution to shareholders	-	-	(436,455)
<b>At 31 March 2021</b>	<b>100,000</b>	<b>47,286</b>	<b>5,215,889</b>

### 18 Reconciliation of movement in shareholders' funds

	2021 £	2020 £
Profit for the financial year	2,471,800	334,100
Equity distribution to shareholders – interim dividend distributed to shareholders	(436,455)	-
Opening shareholders' funds	3,927,830	3,593,730
Closing shareholders' funds	5,963,175	3,927,830

### 19 Dividends

	2021 £	2020 £
<b>Equity ordinary shares of £1 per share:</b>		
Interim dividend paid 2021: £0.73 (2020: £nil) per £1 share	436,455	-

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 20 Financial commitments

At 31 March the Company had total future non discounted minimum lease payments under non-cancellable operating leases where payments fall due as follows:

	31-Mar 2021 £	31-Mar 2020 £
<b>On land and buildings:</b>		
Within one year	-	6,552
Within two to five years	-	-
Beyond five years	-	-
<b>On office equipment:</b>		
Within one year	1,475	4,424
Within two to five years	-	1,475
<b>On Leased Motor Vehicles:</b>		
Within one year	-	-
Within two to five years	-	-
<b>Total</b>	<b>1,475</b>	<b>12,451</b>

The following lease liability is recognised by the Company for those leases that fall under the scope of IFRS 16

	Leasehold property £	Motor vehicles £	Total £
<b>Lease Liability</b>			
Initial recognition at 1 April 2019	614,930	13,355	628,285
Additions	87,781	31,383	119,164
Financing	19,301	2,380	21,681
Payments	(381,567)	(10,580)	(392,147)
<b>At 31 March 2020</b>	<b>340,445</b>	<b>36,538</b>	<b>376,983</b>
Additions	1,636,568	17,499	1,654,067
Financing	28,365	3,868	32,233
Payments	(274,286)	(24,805)	(299,091)
<b>At 31 March 2021</b>	<b>1,731,092</b>	<b>33,100</b>	<b>1,764,192</b>
of which			
Current Liability within one year	134,499	16,469	150,968
Non-current Liability within two to five years	572,181	16,631	588,812
Non-current Liability beyond five years	1,024,412	-	1,024,412
Cash Payments within one year	138,972	20,189	159,161
Cash Payments within two to five years	863,697	15,967	879,664
Cash Payments beyond five years	1,072,990	-	1,072,990

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 21 Financial Assets and Liabilities

		31-Mar 2021 £	31-Mar 2020 £
<b>Financial assets at amortised cost</b>			
Trade and other receivables	12	18,823,982	15,317,478
Cash and cash equivalents	13	1,591,036	3,009,532
		<b>20,415,018</b>	<b>18,327,010</b>
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	15	23,487,629	19,651,161
Borrowings	14	1,157,278	-
		<b>24,644,907</b>	<b>20,230,722</b>

### 22 Contingent liabilities

		31-Mar 2021 £	31-Mar 2020 £
Amount of guarantees in respect of VAT deferment		300,000	300,000

Sumitomo Mitsui Banking Corporation act as a guarantor for VAT and duty payments made to HMRC in respect of goods imported to the United Kingdom.

### 23 Pension commitments

The Company makes defined contributions to the personal pension plans arranged by each individual employee at an agreed percentage of gross salary. Contributions payable to the funds are charged annually in these financial statements as part of the employment costs. The contributions are made to a separately administered fund, the assets of which are held separately from those of the Company.

The pension contributions payable by the company to the fund amounted to £162,419 (2020: £147,493).

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 24 Cash generated from/(used in) operations

		2021	2020
		£	£
<b>Profit for the year</b>		<b>2,471,800</b>	<b>334,100</b>
Adjustments for:			
Tax	9	613,569	75,129
Depreciation	10	383,693	459,725
Profit on disposal of property, plant and equipment	10	(11,574)	-
Finance income	7	(12,085)	(8)
Finance expense	8	36,196	84,951
<i>Changes in working capital:</i>			
Increase in inventories	11	(4,890,176)	(2,649,112)
Increase in trade and other receivables	12	(3,600,471)	(3,589,053)
Increase in trade and other payables	15	3,796,976	9,459,280
<b>Cash (used in)/generated from operations</b>		<b>(1,212,072)</b>	<b>4,175,012</b>

### 25 Ultimate parent undertaking and controlling party

The directors regard Fujikura Limited, a company registered in Japan, as the immediate and ultimate parent undertaking and controlling party. Fujikura Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2021. Copies of the parent's consolidated financial statements may be obtained from the company secretary, Fujikura Limited, 5-1, Kiba 1-chome, Koto-ku, Tokyo 135, Japan.

# Fujikura Europe Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 26 Related party transactions

a) During the year the Company entered into transactions with other group entities.

	Transfer value for year		Balance outstanding At year end	
	2021	2020	2021	2020
	£	£	£	£
<b>Purchase of goods and services</b>				
Parent undertaking	<b>62,926,122</b>	54,875,269	<b>19,346,345</b>	15,663,549
Fellow subsidiaries	<b>13,599,143</b>	10,516,791	<b>3,224,478</b>	3,334,568
	<b>76,525,265</b>	65,392,060	<b>22,570,823</b>	18,998,117

	Transfer value for year		Balance outstanding At year end	
	2021	2020	2021	2020
	£	£	£	£
<b>Sales of goods and services</b>				
Parent undertaking	<b>1,019,105</b>	490,224	<b>229,076</b>	320,895
Fellow subsidiaries	<b>154,912</b>	105,621	<b>35,137</b>	22,604
	<b>1,174,017</b>	595,845	<b>264,213</b>	343,499

b) Key management personnel

The key management personnel are deemed to be the members of the Board of Directors which has responsibility for planning, directing and controlling the activities of the Company. Transactions with the directors relate to emoluments disclosed in note 4.