Registered number 02237808

Fujikura Europe Limited
Annual report and financial statements
for the year ended 31 March 2018

Fujikura Europe Limited

Annual report and financial statements

for the year ended 31 March 2018

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Fujikura Europe Limited

Directors and advisers

Directors

A.Saita
T.Kitajima
H.Hosoya
M.Kimpara

Company secretary and registrar

Mundays Company Secretaries Limited
Cedar House, 78 Portsmouth Road
Cobham, Surrey
KT11 1AN

Registered Office

C51 Barwell Business Park
Leatherhead Road
Chessington
Surrey
KT9 2NY

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley, West Sussex
RH10 1BG

Fujikura Europe Limited

Strategic report for the year ended 31 March 2018

Business review, principal activities and future developments

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 £54,463,489 represents a 1.5% decrease when compared to the previous year of £55,312,975. Volume growth remained positive for the year driven by consistent growth across both telecommunications and electronics, however, the impact of sterling appreciating has had a negative effect on sales revenue.

The directors proposed and paid an interim dividend for the year ending 31 March 2018 of £815,802 (2017: £868,343).

As at 31 March 2018, the Company had net assets of £3,217,856 (2017: £3,185,643).

The directors are satisfied with the company's performance during the year and with its prospects for the future.

The Company has made no political donations during the year, although £110 was donated to a local charity (2017: £527).

Business environment

Sales of our products for the year were in-line with the 2018 plan. The business environment has continued to remain positive with the telecommunications industry especially robust. Europe is a core market so the management team are aware of any significant political or economic changes but feel the company's excellent brand and high quality products 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. 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.

Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate their impact.

Fujikura Europe Limited

Strategic report for the year ended 31 March 2018 (continued)

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:

	2018 £	2017 £	
Revenue	54,463,489	55,312,975	The telecommunications market continues to be the main driver for growth and accounts for over 70% of turnover. The European market has been a key driver with many countries rolling out fibre to the home (FTTH) projects. The Electronics business continues to build on strong growth with sales 13% higher than the prior year.
Profit before tax	1,055,557	1,185,851	Profitability growth is not in-line with sales revenue as overhead costs have increased at a greater rate.

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 of its customers has been in place since the beginning of 2008.

Liquidity risk

The company uses short-term finance that is designed to ensure the company has sufficient available funds for operations and funds available from the group.

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.

On behalf of the board

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A Saita - Director Date: 18 May 2018

Fujikura Europe Limited

Directors' report for the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

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

Directors

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

A.Saita
R.Higgins (Resigned 21 September 2017)
H.Hosoya
M.Kimpara
T.Kitajima

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 2018 of £815,802 (2017: £868,343).

Statement of directors' responsibilities

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

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 Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union 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 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.

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.

Fujikura Europe Limited

Directors' report for the year ended 31 March 2018 (continued)

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.

Future Developments

The directors have completed the financial plan for 2019 with sole aim of delivering Fujikura's wide product range to the European market.

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 will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board

A Saita - Director

Date: 18 May 2018

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 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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; the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Fujikura Europe Limited

Independent auditors' report to the members of Fujikura Europe Limited

(continued)

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 2018 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 set out on page 6, 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.

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. 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 received 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.

Simon Bailey

Simon Bailey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
18 May 2018

Fujikura Europe Limited

Statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £	2017 £
Revenue	2	**54,463,489**	55,312,975
Cost of sales		**(48,418,498)**	(49,526,380)
Gross profit		**6,044,991**	5,786,595
Distribution costs		**(2,844,468)**	(2,690,803)
Administrative expenses		**(2,084,060)**	(1,945,120)
Other operating income	3	**-**	3,780
Operating profit	6	**1,116,463**	1,154,452
Finance income	7	**2,242**	45,155
Finance costs	8	**(63,148)**	(13,756)
Net finance (costs)/income		**(60,906)**	31,399
Profit before tax		**1,055,557**	1,185,851
Income tax expense	9	**(207,542)**	(238,110)
Profit for the year	18	**848,015**	947,741
Total comprehensive income for the year		**848,015**	947,741

The notes on pages 14 to 35 are an integral part of the financial statements

Registered number: 02237808

Fujikura Europe Limited

Statement of financial position at 31 March 2018

	Note	2018 £	2017 £
Non-current assets			
Deferred tax asset	9	**12,585**	9,579
Property, plant and equipment	10	**275,979**	333,619
		288,564	343,198
Current assets			
Inventories	11	**3,506,697**	2,965,023
Trade and other receivables	12	**10,044,950**	10,821,481
Cash and cash equivalents	13	**474,589**	203,117
		14,026,236	13,989,621
Total assets		**14,314,800**	14,332,819
Equity and liabilities			
Equity attributable to owners			
Share capital	16	**600,000**	600,000
Share premium	17	**100,000**	100,000
Capital reserves	17	**47,286**	47,286
Retained earnings	17	**2,470,570**	2,438,357
Total equity	18	**3,217,856**	3,185,643
Current liabilities			
Borrowings	14	**60,367**	728,482
Trade and other payables	15	**11,036,577**	10,418,694
		11,096,944	11,147,176
Total liabilities		**11,096,944**	11,147,176
Total equity and liabilities		**14,314,800**	14,332,819

The notes on pages 14 to 35 are an integral part of the financial statements.
The financial statements on pages 10 to 35 were approved by the Board of directors on 18 May 2018 and were signed on its behalf by:

A Saita - Director

Fujikura Europe Limited
Statement of changes in equity
for the year ended 31 March 2018

	Share capital £	Share premium and capital reserves £	Retained earnings £	Total equity £
At 1 April 2016	600,000	147,286	2,358,959	3,106,245
Profit for the financial year and total comprehensive income	-	-	947,741	947,741
Interim dividends distributed to shareholders	-	-	(868,343)	(868,343)
At 31 March 2017	600,000	147,286	2,438,357	3,185,643
Profit for the financial year and total comprehensive income	-	-	848,015	848,015
Interim dividends distributed to shareholders (£1.36 per ordinary share)	-	-	(815,802)	(815,802)
At 31 March 2018	**600,000**	**147,286**	**2,470,570**	**3,217,856**

Fujikura Europe Limited
Statement of cash flows
for the year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	23	**1,946,583**	852,364
Interest received		**2,242**	3,007
Interest paid		**(400)**	(13,756)
Income tax paid		**(97,342)**	(119,942)
Dividends paid (interim)		**(815,802)**	(868,343)
Net cash generated from/(used in) operating activities		**1,035,281**	(146,670)
Cash flows from investing activities			
Purchase of property, plant, equipment and software	10	**(32,948)**	(86,905)
Proceeds from sale of property, plant and equipment		**-**	16,700
Net cash (used in) investing activities		**(32,948)**	(70,205)
Net increase/(decrease) in cash and cash equivalents		**1,002,335**	(216,875)
Exchange (loss)/gain on cash and cash equivalents		**(62,748)**	42,148
Cash, cash equivalents and bank overdrafts at beginning of year		**(525,365)**	(350,638)
Cash and cash equivalents at the end of the year	13	**414,222**	(525,365)

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 Financial Reporting Standards ('IFRS') and IFRS IC interpretations as adopted by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS 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, as modified by the revaluation of financial assets and liabilities and investment property at fair value through profit and loss account.

Changes in accounting policy and disclosures.

New and amended standards adopted by the company

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2017, have had a material impact on the group or parent company.

Fujikura Europe Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)

1 Accounting policies (continued)
a) Basis of preparation and changes in accounting policies (continued)

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

- IFRS 9, 'Financial instruments' (effective 1 January 2018)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)
- IFRS 16, 'Leases' (effective 1 January 2018)

The adoption of IFRS 9, "Financial instruments", which the Company plans to adopt for accounting period beginning on or after 1 April 2018 will impact both the measurement and disclosure of financial instruments. It is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

No changes are expected from adoption of IFRS 15, 'Revenue from contracts with customers'.

- The adoption of IFRS 16 "Leases" which the Company plans to adopt for accounting period beginning on or after 1 April 2018 will impact the definition, recognition and measurement of leases. A key change arising from IFRS 16 is that both operating leases will be accounted for on balance sheet for lessees. It is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

The Company anticipates that the adoption of other standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

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.

Fujikura Europe Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

1 Accounting policies (continued)
a) Basis of preparation and changes in accounting policies (continued)
New standards and interpretations not yet adopted (continued)

b) Foreign currency

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

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.

Fujikura Europe Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)
1 Accounting policies (continued)
d) Property, plant and equipment and depreciation (continued)

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.

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. 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 is recognised to the extent that it is probable the economic benefits will flow to the company. Revenue is measured at 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.

- **Goods sold**

  Revenue from the sale of goods is the consideration received or receivable, net of returns, discounts and rebates. Revenue is recognised when the significant risks and rewards of

ownership have been transferred to the buyer, 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 risk and reward usually occurs when the product is received at the customer's warehouse; however, for international shipments, the transfer of risk and reward is dependent upon the particular terms negotiated with each customer.

- **Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date subject to any acceptance clauses that need to be met.

- **Commissions**

Commission income is recognised on an accruals basis.

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.

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

1 Accounting policies (continued)
i) Employer benefits (continued)
Retirement benefits (continued)

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 are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is evidence that the company will not be able to collect all amounts due. The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows. 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.

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.

Fujikura Europe Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

1 Accounting policies (continued)

k) Financial risks (continued)

- **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. Management monitors forecasts of the company's liquidity position on the basis of expected cash flow. All borrowings are considered repayable in less than one year therefore no analysis has been prepared of the contractual maturity date.

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) Leasing

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The aggregate benefit of lease incentives received is recognised as a reduction of rental expense. The benefit is allocated on a straight line basis over the period of the lease until the first break clause.

Assets held for rental under hire agreements are included in inventories at cost and depreciated over the life of the rental agreement. Rental income is shown gross.

n) Exceptional items

Where items of income and expense included in the statement of comprehensive income are considered to be material and one 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.

Fujikura Europe Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)
1 Accounting Policies (continued)

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. The critical judgements have been made in arriving at the amounts recognised in the financial statements and the 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, are discussed below.

- **Provision for impairment of inventories**

  At the end of each financial year, the company recognises an impairment provision for inventory that has not been sold for a period of 12 months and for other specific obsolescence issues.

- **Provision for impairment of receivables**

  The company determines the magnitude of the provision for impairment of receivables based on management's best estimate of the risk of non-payment at the time. This provision is therefore judgmental in nature and is reviewed on a regular basis.

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.

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.

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:

	31 March 2018 £	31 March 2017 £
Fibre optics	**45,281,497**	48,163,392
Electronics	**6,940,435**	5,763,899
Connectors and other	**2,241,557**	1,385,684
	54,463,489	55,312,975

Revenue by geographic market:

	31 March 2018 £	31 March 2017 £
UK	**7,296,802**	6,226,881
Europe	**46,666,460**	48,135,086
Rest of the world	**500,227**	951,008
	54,463,489	55,312,975

3 Other operating income

	31 March 2018 £	31 March 2017 £
Other income	**-**	3,780

Fujikura Europe Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)

4 Directors' emoluments

	31 March 2018 £	31 March 2017 £
Remuneration for qualifying services	**324,703**	342,037
Company pension contributions to defined contribution schemes	**13,101**	26,203
Aggregate emoluments	**337,804**	368,240

Emoluments disclosed above include the following amounts paid to the Highest paid director:		
Emoluments for qualifying services	**266,299**	131,416

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

For 2018 and 2017 all of the above directors are also directors of other group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each group company and no recharge is made to the Company. Accordingly the above details include no emoluments in respect of these directors.

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:

	31 March 2018 Number	31 March 2017 Number
Selling and distribution	**37**	34
Administration	**10**	10
	47	44

Staff costs (for the above people)	31 March 2018 £	31 March 2017 £
Wages and salaries	**3,097,742**	2,954,467
Social security costs	**236,283**	230,631
Other pension costs (see note 22)	**166,388**	172,830
	3,500,413	3,357,928

Fujikura Europe Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

6 Operating profit

	31 March 2018 £	31 March 2017 £
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**90,588**	98,742
Auditors' remuneration		
- Fees payable to company's auditor and their associate for audit of company financial statements	**48,480**	47,150
- Fees payable to company's auditor and their associate for other services: tax compliance services	**2,900**	4,775
- Fees payable to company's auditor and their associate for other services: functional process review	**19,800**	-
Rentals payable under operating leases – land and buildings	**136,411**	154,192
Rentals payable under operating leases – other	**17,158**	19,974
(Profit) on disposal of property, plant and equipment	**-**	(7,715)

Fujikura Europe Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

7 Finance income

	31 March 2018 £	31 March 2017 £
Interest receivable	**2,242**	3,007
Foreign exchange gain	**-**	42,148
	2,242	45,155

8 Finance costs

	31 March 2018 £	31 March 2017 £
On bank loans, overdrafts and other loans	**400**	13,756
Foreign exchange loss	**62,748**	-
	63,148	13,756

As at 31 March 2018, 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 £4,697 lower/£4,250 higher (2017: £6,609 higher/£5,979 lower).

As at 31 March 2018, 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 £13,196 higher/£11,939 lower (2017: £2,542 higher/£2,810 lower).

As at 31 March 2018, if the £ had weakened/strengthened by 5% against the Euro with all other variables held constant, profit for the financial year would have been £67,944 higher/£61,473 lower (2017: £24,014 higher/£21,727 lower).

Fujikura Europe Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

9 Income tax expense

	31 March 2018 £	31 March 2017 £
Current tax:		
Current tax on profits for the year	**210,045**	247,291
Adjustments in respect of previous years	**503**	(6,444)
Total current tax	**210,548**	240,847
Deferred tax:		
Current year	**(3,919)**	6,073
Adjustments in respect of previous years	**(32)**	(9,875)
Effect of changes in tax rates	**945**	1,065
Total deferred tax	**(3,006)**	(2,737)
Income tax expense	**207,542**	238,110

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK 19.00% (2017: 20.00%).

The differences are explained below:

	31 March 2018 £	31 March 2017 £
Profit on ordinary activities before taxation	**1,055,557**	1,185,851
Profit on ordinary activities before taxation multiplied by standard rate in the UK 19.00% (2017: 20.00%)	**200,556**	237,171
Effects of:		
Expenses not deductible for tax purposes	**4,618**	5,402
Effects of changes in tax rates	**945**	1,065
Exempt amounts	**952**	10,791
Adjustments in respect of previous years	**471**	(16,319)
Total tax charge for the year	**207,542**	238,110

The effective tax rate is 19.7% (2017: 20.31%)

Fujikura Europe Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

9 Income tax expense (continued)

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015 and by the Finance Bill 2016 on 6 September 2016. These changes reduce the main corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Deferred taxes at the balance sheet date have been calculated at 17% on the basis that the majority of the underlying timing differences are expected to reverse at 17%.

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 2018 £**	Movement £	2017 £	**Unprovided 2018 £**	2017 £
Depreciation in excess of capital allowances	**10,130**	3,165	6,965	**-**	-
Other timing differences	**2,455**	(159)	2,614	**14,007**	14,007
Total deferred tax	**12,585**	**3,006**	**9,579**	**14,007**	**14,007**

Fujikura Europe Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)

10 Property, plant and equipment

	Investment properties £	Leasehold property £	Motor vehicles £	Fixtures, fittings and equipment £	**Total** £
Cost or valuation					
At 1 April 2016	69,042	411,772	199,011	451,025	1,130,850
Additions	-	13,375	44,784	28,746	86,905
Disposals	(7,020)	-	(68,745)	(4,349)	(80,114)
At 1 April 2017	**62,022**	**425,147**	**175,050**	**475,422**	**1,137,641**
Additions	-	10,240	-	22,708	32,948
Disposals	-	-	-	-	-
At 31 March 2018	**62,022**	**435,387**	**175,050**	**498,130**	**1,170,589**
Accumulated depreciation					
At 1 April 2016	69,042	312,049	118,011	277,308	776,410
Charge for year	-	17,151	23,914	57,677	98,742
Disposals	(7,020)	-	(59,761)	(4,349)	(71,130)
At 1 April 2017	**62,022**	**329,200**	**82,164**	**330,636**	**804,022**
Charge for year	-	19,487	20,750	50,351	90,588
Disposals	-	-	-	-	-
At 31 March 2018	**62,022**	**348,687**	**102,914**	**380,987**	**894,610**
Net book value at 31 March 2018	-	**86,700**	**72,136**	**117,143**	**275,979**
Net book value at 31 March 2017	-	95,947	92,886	144,786	333,619

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 2018 (continued)

11 Inventories

	31 March 2018 £	31 March 2017 £
Finished goods and goods for resale	**3,506,697**	2,965,023

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 £48,164,374 (2017: £49,286,157)

12 Trade and other receivables

	31 March 2018 £	31 March 2017 £
Trade receivables	**9,352,665**	9,811,793
Amounts receivable from parent undertaking	**187,105**	100,027
Amounts receivable from fellow subsidiaries	**34,609**	353,011
Other receivables	**180,367**	87,929
Prepayments and accrued income	**290,204**	357,879
VAT	**-**	110,842
	10,044,950	10,821,481

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 (2017: £nil) is impaired. Of the trade receivables overdue £151,544 (2017: £336,231) is impaired.

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.

	2018	2017
Counterparties without external credit rating:	£	£
Group 1	**56,501**	36,872
Group 2	**9,669,422**	10,564,190
Total unimpaired trade receivables	**9,725,923**	10,601,062

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:

	2018	2017
	£	£
Not yet due	**7,720,352**	6,820,815
Up to 1 month past due	**1,568,649**	3,029,833
Up to 2 months past due	**36,031**	157,289
Up to 3 months past due	**25,522**	83,995
+4 months past due	**375,369**	509,130
Impairment provision	**(151,544)**	(336,231)
	9,574,379	10,264,831

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 2018.

	2018
	£
Opening impairment provision	**336,231**
Additional impairment provision	**38,446**
Provision utilised	**(223,133)**
Closing impairment provision	**151,544**

The amount utilised relates to the write off irrecoverable debt which had been provided for in prior years. The impact to the statement of comprehensive income is zero as the provision charge was recognised in prior years.

13 Cash and cash equivalents

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	**2018**	2017
	£	£
Cash and cash equivalents at end of the year	**474,589**	203,117
Bank borrowings at the end of the year	**(60,367)**	(728,482)
Cash and cash equivalents at end of the year	**414,222**	(525,365)

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.

	2018	2017
	£	£
A3	**232,449**	203,117
A1	**181,773**	(728,482)
Cash and cash equivalents at end of the year	**414,222**	(525,365)

14 Borrowings

The Company has overdraft facilities with Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ up 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 £60,367 (2017: £728,482).

15 Trade and other payables

	31 March 2018	31 March 2017
	£	£
Trade payables	**228,390**	332,638
Amounts payable to parent undertaking	**8,977,275**	7,609,890
Amounts payable to fellow subsidiaries	**405,312**	1,256,306
Other taxation and social security payable	**123,242**	86,105
Other payables	**416,639**	308,249
Corporation tax payable	**104,045**	3,922
Accruals and deferred income	**781,674**	821,584
	11,036,577	10,418,694

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 2018 (continued)

16 Share capital

	31 March 2018 £	31 March 2017 £
Authorised		
1,000,000 (2017:1,000,000) ordinary shares of £1 each	**1,000,000**	1,000,000
Allotted, called up and fully paid		
600,000 (2017: 600,000) ordinary shares of £1 each	**600,000**	600,000

17 Reserves

	Share premium £	Capital reserve £	Retained earnings £
At 1 April 2017	100,000	47,286	2,438,357
Profit for the financial year	-	-	848,015
Equity distribution to shareholders	-	-	(815,802)
At 31 March 2018	**100,000**	**47,286**	**2,470,570**

18 Reconciliation of movement in shareholders' funds

	31 March 2018 £	31 March 2017 £
Profit for the financial year	**848,015**	947,741
Equity distribution to shareholders	**(815,802)**	(868,343)
Opening shareholders' funds	**3,185,643**	3,106,245
Closing shareholders' funds	**3,217,856**	3,185,643

Fujikura Europe Limited
Notes to the financial statements for the year ended 31 March 2018 (continued)

19 Dividends

	31 March 2018 £	31 March 2017 £
Equity ordinary shares of £1 per share:		
Interim paid 2018: £1.36 (2017 £1.45) per £1 share	**815,802**	868,343

20 Financial commitments

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

	31 March 2018 £	31 March 2017 £
On land and buildings:		
Within one year	**144,312**	140,312
Within two to five years	**324,702**	456,014
On office equipment:		
Within one year	**4,424**	4,424
Within two to five years	**9,954**	14,378
On Leased Motor Vehicles:		
Within one year	**25,231**	15,785
Within two to five years	**18,982**	19,731
Total	**527,605**	650,644

21 Contingent liabilities

	31 March 2018 £	31 March 2017 £
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.

22 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 £166,388 (2017: £172,830).

23 Cash generated from operations

	31 March 2018 £	31 March 2017 £
Profit for the year	**848,015**	947,741
Adjustments for:		
Tax	**207,542**	238,110
Depreciation	**90,588**	98,742
Profit on disposal of property, plant and equipment	**-**	(7,715)
Finance expense/(income)	**60,906**	(31,399)
Changes in working capital:		
Increase in inventories	**(541,674)**	(1,470,560)
Decrease/(increase) in trade and other receivables	**760,939**	(467,482)
Increase in trade and other payables	**520,267**	1,544,927
Cash generated from operations	**1,946,583**	852,364

24 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 2018. 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.

25 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	
	2018	2017	**2018**	2017
	£	£	**£**	£
Purchase of goods and services				
Parent undertaking	**42,615,906**	42,536,991	**8,977,275**	7,609,890
Fellow subsidiaries	**3,720,338**	6,989,563	**405,312**	1,256,306
	46,336,244	49,526,554	**9,382,587**	8,866,196

	Transfer value for year		Balance outstanding At year end	
	2018	2017	**2018**	2017
	£	£	**£**	£
Sales of goods and services				
Parent undertaking	**62,862**	139,180	**187,105**	100,027
Fellow subsidiaries	**319,981**	828,344	**34,609**	353,011
	382,843	967,524	**221,714**	453,038

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.