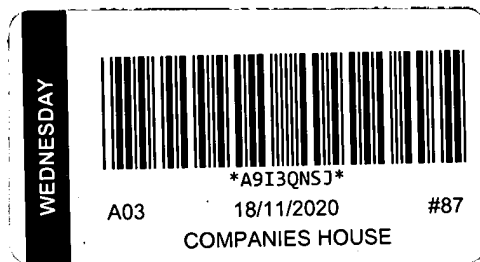


Furukawa Electric Europe Limited

Report and Financial Statements

31 December 2019



Directors

Y Matsuda
M J Grimwood
J Goto
Y Shinozaki
H Umehara
A Kabumoto

Secretary

M J Grimwood

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Mizuho Bank Limited
Mizuho House
30 Old Bailey
London EC4M 7AU

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

Solicitors

Dentons UKMEA LLP
One Fleet Place
London EC4M 7WS

Registered Office

Furukawa House
77-85 Fulham Palace Road
London W6 8JD

Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Principal activity, review of the business and key performance indicators

The company's principal activity during the year was the sale and distribution of optical fibre equipment, electronic components, optical components, plastic and metal products.

The key financial and other performance indicators during the year were as follows:

	2019	2018	Change
	£000	£'000	%
Turnover	24,471	21,586	13
Operating (loss)/profit	(2)	63	(103)
Current assets as a % of current liabilities ('quick ratio')	120%	119%	1
Average number of employees	22	22	-

Business strategy and future developments

The company continues to develop its activities by widening the product base to include more of the product groups manufactured by its parent company. In addition, the company focused on the regional development of relevant product groups with emphasis on particular industrial sectors. The regional development includes the German branch of the company which was established in 2009. The representative office in Turkey was closed in April 2019 due to a significant deterioration in market conditions and the adverse currency movements that made the products that we represent uncompetitive in the market. To counter the effects of a potential Brexit threat to the distribution of products within the European Union which forms a significant proportion of the company's business a project to shift the warehouse and distribution operations of the company to Germany was completed by mid March 2019. The company is now protected from potential barriers and disruption that may occur if the transition period ends with no trade agreement between UK and the EU.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include credit risk, foreign exchange risk and liquidity risk. The company has put into place policies and procedures that seek to limit these.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Foreign exchange risk

The company buys and sells products denominated in foreign currencies. The Board reviews and agrees policies for managing currency risks arising from the company's operations.

Liquidity risk

The company is funded through its retained profits and the directors actively consider other sources of funding to ensure the company has sufficient available funds for its operations.

Strategic report

Principal risks and uncertainties (continued)

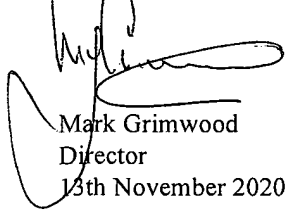
Impact of COVID-19

On 11 March 2020, the World Health Organization declared Covid-19 a global pandemic. As a result management have identified the following key risks and mitigating actions.

Customer behaviour may be materially impacted by Covid-19 virus, which may have an impact in some of the markets in which we operate. The management have been monitoring key trading data to address business concerns.

The company continues to be in regular dialogue with customers to adapt to the risk of changes to customer purchasing patterns. The company's reaction to mitigate the pandemic affecting the service provided to our clients was to disperse our staff into home working mode which has been successfully achieved through the use of technology products. The management have also introduced a blanket travel ban and all client interactions are now conducted using those methods.

By order of the Board



Mark Grimwood
Director
13th November 2020

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year after taxation was £25,797 (2018 – £26,772 profit). No dividend was paid to the shareholders. (2018: £183,000).

Going concern

The Company has considered, and will continue to consider, the impact of the COVID-19 virus pandemic on the operational and financial performances of its business. Whilst the COVID-19 virus pandemic has had, and will probably continue to have, a significant impact on the wider economy, to date the impact on the Company's business has been minimal.

Whilst key sectors have recorded a reduction in sales and gross profit the business continues to trade normally and at 30 September 2020 has achieved 82.5% of its yearly sales budget and 95.5% of its yearly gross profit target. As a result of adjustments to work methods, substantial cost savings have been achieved to date totalling £336k against budget plan.

The company as at 31 October 2020 held cash balances of £1.9m. There are no significant capital heavy projects planned thus these funds are fully at the disposal of day to day operations. There are no significant overdue customer debts at the above date and all creditors and other stake holders continue to be paid on agreed dates.

The directors continue to closely monitor the situation, staying alert to the impact of the expected economic recession on the trading position of the company.

Thus the directors have a reasonable expectation based on cashflow forecasts, stress testing as well as reverse stress testing on those forecasts, that the company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served the company during the year were as follows:

M Maekawa (resigned 8th November 2019)

Y Matsuda (appointed 8th November 2019)

M J Grimwood

J Goto

T Kubota

T Ota

Y Shinozaki

H Umehara (appointed 8th November 2019)

Directors' report

Post balance sheet events

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of COVID-19 to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The Company operates in the UK, Europe and to a limited degree in the Middle East and Africa, all of which are affected by the pandemic. The business is currently being impacted both through government restrictions on its own working practices and the operations of its customers and end customers. Whilst current performance does not indicate a significant adverse effect, this could have a detrimental impact on the business's revenues, profit and cash flows. Any impact on future cash flows or the carrying value of assets will be reflected in the 2020 financial statements.

There were no significant events between the Statement of Financial Position date and the date of signing of the financial statements, affecting the company, which require adjustment to or disclosure in the financial statements.

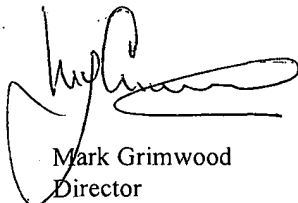
Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

By order of the Board



Mark Grimwood
Director
13th November 2020

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report

to the members of Furukawa Electric Europe Limited

OPINION

We have audited the financial statements of Furukawa Electric Europe Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – EFFECTS OF COVID-19

We draw attention to Note 1 and Note 16 of the Financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting the wider UK and global economies as well as the company's ability to operate normally. Our opinion is not modified in respect of this matter.

CONCLUSIONS RELATING TO GOING CONCERN

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

- 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.

Independent auditor's report

to the members of Furukawa Electric Europe Limited

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report

to the members of Furukawa Electric Europe Limited

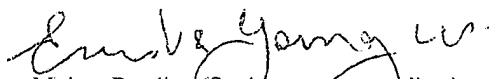
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mohan Pandian (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 13 November 2020

Statement of comprehensive income

for the year ended 31 December 2019

	<i>Notes</i>	<i>2019</i> £	<i>2018</i> £
Turnover	2	24,470,971	21,586,214
Cost of sales		<u>(21,979,487)</u>	<u>(19,148,281)</u>
Gross profit		2,491,484	2,437,933
Administrative expenses		<u>(2,493,312)</u>	<u>(2,374,968)</u>
Operating (loss)/profit	3	(1,828)	62,965
Interest receivable and similar income		<u>297</u>	<u>244</u>
(Loss)/profit on ordinary activities before taxation		(1,531)	63,209
Tax on (loss)/profit on ordinary activities	7	<u>(24,266)</u>	<u>(36,437)</u>
(Loss)/profit for the year and total comprehensive income		<u><u>(25,797)</u></u>	<u><u>26,772</u></u>

All amounts relate to continuing activities.

Statement of changes in equity

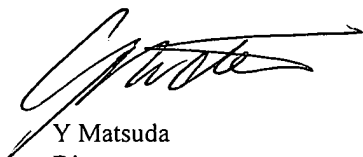
for the year ended 31 December 2019

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 1 January 2018	80,000	1,190,359	1,270,359
Dividend paid	-	(183,000)	(183,000)
Profit for the year	-	26,772	26,772
At 1 January 2019	80,000	1,034,131	1,114,131
Loss for the year	-	(25,797)	(25,797)
At 31 December 2019	<u>80,000</u>	<u>1,008,334</u>	<u>1,088,334</u>

Statement of financial position

at 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	8	<u>68,813</u>	<u>92,201</u>
Current assets			
Stocks	9	1,393,328	1,679,549
Debtors	10	2,798,833	3,432,504
Cash at bank and in hand		<u>2,421,630</u>	<u>1,243,297</u>
		6,613,791	6,355,350
Creditors: amounts falling due within one year	11	<u>(5,594,270)</u>	<u>(5,333,420)</u>
Net current assets		<u>1,019,521</u>	<u>1,021,930</u>
Net assets		<u>1,088,334</u>	<u>1,114,131</u>
Capital and reserves			
Called up share capital	13	80,000	80,000
Profit and loss account		<u>1,008,334</u>	<u>1,034,131</u>
Shareholders' funds		<u>1,088,334</u>	<u>1,114,131</u>



Y Matsuda
Director
13th November 2020

Notes to the financial statements

at 31 December 2019

1. Accounting policies

Statement of compliance

Furukawa Electric Europe Limited is a limited liability company incorporated in England. The Registered Office is Furukawa House, 77-85 Fulham Palace Road, London, W6 8JD.

The financial statements are prepared in compliance with FRS 102 as it applies to the company for the year ended 31 December 2019.

Basis of preparation and change in accounting policy

The financial statements have been prepared under the historic cost convention.

The financial statements are prepared in sterling which is the functional currency of the company.

The nature of operations and its principal activity are set out in the Directors' report.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publically available financial statements, which give a true and fair view, in which that member is consolidated. Furukawa Electric Europe Limited is a qualifying entity as its results are consolidated into the financial statements of Furukawa Electric Co. Limited, a company incorporated in Japan. The registered office is 2-3 Marunouchi 2-chome, Chiyoda-Ku, Tokyo, Japan. The consolidated accounts are publically available.

As a qualifying entity the Company has taken advantage of the following exemptions;

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows includes the Company's cash flows (FRS 102 paragraph 1.12 (b)).
- From disclosing transactions with entities which are part of the group in these financial statements (FRS 102.33.1A)

Going concern

The Company has considered, and will continue to consider, the impact of the COVID-19 virus pandemic on the operational and financial performances of its business. Whilst the COVID-19 virus pandemic has had, and will probably continue to have, a significant impact on the wider economy, to date the impact on the Company's business has been minimal.

Whilst key sectors have recorded a reduction in sales and gross profit the business continues to trade normally and at 30 September 2020 has achieved 82.5% of its yearly sales budget and 95.5% of its yearly gross profit target. As a result of adjustments to work methods, substantial cost savings have been achieved to date totalling £336k against budget plan.

The company as at 31 October 2020 held cash balances of £1.9m. There are no significant capital heavy projects planned thus these funds are fully at the disposal of day to day operations. There are no significant overdue customer debts at the above date and all creditors and other stake holders continue to be paid on agreed dates.

The directors continue to closely monitor the situation, staying alert to the impact of the expected economic recession on the trading position of the company.

Thus the directors have a reasonable expectation based on cashflow forecasts, stress testing as well as reverse stress testing on those forecasts, that the company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following have had the most significant effect on amounts recognised in the financial statements and are the key sources of estimation uncertainty:

Operating lease commitments

The company has entered into a commercial property lease as a lessee. It obtains use of the property and plant. The classification of such leases requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of the asset and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Tangible fixed assets

Leasehold improvements, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its estimated useful lives as follows:

Short leasehold improvements	–	over the lease term
Computer and other equipment	–	over 4 to 20 years
Motor vehicles	–	over 12 years

The carrying values of tangible fixed assets are reviewed for impairment where events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably. It is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the repair of fusion splicers is recognised at completion and testing of each repair.

Stocks

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its recoverable value. The impairment loss is recognised immediately in the company's trading results.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot rate at the beginning of the month in which the transaction occurred.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All resulting differences are recognised in the comprehensive income statement in administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash at banks and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income statement in administrative expenses.

Leasing commitments

Rentals payable under operating leases are charged in the Income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pension

Contributions to defined contribution schemes are recognised in the Income statement in the period in which they become payable.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Turnover is analysed as follows:

	2019	2018
	£	£
Japan	99,512	105,671
United Kingdom	6,321,948	4,730,141
Rest of the world	18,049,511	16,750,402
	<u>24,470,971</u>	<u>21,586,214</u>

Notes to the financial statements

at 31 December 2019

3. Operating (loss)/profit

This is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of owned assets	23,388	23,099
Operating lease rentals – land and buildings	175,183	155,000
Foreign exchange differences	(47,053)	33,516
Auditor's remuneration	<u>50,189</u>	<u>40,244</u>

4. Auditor's remuneration

	2019	2018
	£	£
Audit services	29,000	28,000
Taxation services	<u>21,189</u>	<u>12,244</u>
	<u>50,189</u>	<u>40,244</u>

5. Directors' remuneration

	2019	2018
	£	£
Aggregate remuneration in respect of qualifying services	<u>364,619</u>	<u>399,638</u>

The aggregate of emoluments of the highest paid director was £157,144 (2018: £246,951). No directors are accruing benefits under a defined contribution pension scheme (2018: none).

6. Staff costs

	2019	2018
	£	£
Wages and salaries	1,535,638	1,278,906
Social security costs	133,618	130,810
Other pension costs	45,786	41,710
	<u>1,715,042</u>	<u>1,451,426</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Sales and administration	<u>22</u>	<u>22</u>

Notes to the financial statements

at 31 December 2019

7. Tax

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

The tax charge is made up as follows:

	2019	2018
Current tax:		
UK corporation tax on (loss)/profit for the year	56	46
Foreign tax	24,209	36,391
Total current tax (note 7(b))	<u>24,265</u>	<u>36,437</u>
Tax on (loss)/profit on ordinary activities	<u>24,265</u>	<u>36,437</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019	2018
	£	£
(Loss)/profit on ordinary activities before tax	<u>(1,531)</u>	<u>63,209</u>
(Loss)/profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 19% (2018 – 19%)	(291)	12,010
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,132	2,619
Capital allowances in advance of depreciation	(4,600)	(6,914)
Unrelieved losses brought forward	2,815	(7,669)
Foreign tax suffered	24,209	36,391
	<u>24,265</u>	<u>36,437</u>

(c) Deferred tax

No deferred tax asset has been recognised (2018 - £nil). The amount of unrecognised deferred tax asset at the balance sheet date was £3,596 (2018 - £1,077)

The Finance Act 2013 was enacted in July 2013 and introduced a reduction in the headline rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2016. The Summer Budget announced on 8 July 2016 included reductions in the rate of corporation tax from 20% to 19% and 18% effective from 1 April 2018 and 1 April 2020 respectively. These changes have been substantively enacted at the balance sheet date. The Chancellor has announced for the draft Finance Bill 2018 that the rate will be cut further to 17% by April 2020.

Notes to the financial statements

at 31 December 2019

8. Tangible fixed assets

	<i>Short leasehold improvements</i>	<i>Computer and other equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2019	73,644	219,887	19,518	313,049
Additions	-	-	-	-
At 31 December 2019	<u>73,644</u>	<u>219,887</u>	<u>19,518</u>	<u>313,049</u>
Depreciation:				
At 1 January 2019	36,821	165,923	18,104	220,848
Charge for the year	7,364	15,557	467	23,388
At 31 December 2019	<u>44,185</u>	<u>181,480</u>	<u>18,571</u>	<u>244,236</u>
Net book amount:				
At 31 December 2019	<u>29,459</u>	<u>38,407</u>	<u>947</u>	<u>68,813</u>
At 1 January 2019	<u>36,823</u>	<u>53,964</u>	<u>1,414</u>	<u>92,201</u>

9. Stocks

	<i>2019</i>	<i>2018</i>
	£	£
Finished goods for resale	<u>1,393,328</u>	<u>1,679,549</u>

10. Debtors

	<i>2019</i>	<i>2018</i>
	£	£
Trade debtors	2,553,599	3,241,141
Amounts owed by fellow subsidiary undertakings	9,914	4,080
Other debtors	127,436	117,293
Prepayments and accrued income	42,193	51,086
UK corporation tax	18,848	18,904
German taxes and social security costs	46,843	-
	<u>2,798,833</u>	<u>3,432,504</u>

Amounts falling due after more than one year included above are:

Included in Other debtors £93,000 (2018 - £93,000).

Notes to the financial statements

at 31 December 2019

11. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	152,085	361,893
Amounts owed to parent undertaking	4,357,347	4,240,701
Amounts owed to fellow subsidiary undertakings	675,021	376,449
German corporation tax	43,445	24,876
Other taxes and social security costs	26,174	53,118
Accruals and deferred income	340,198	276,383
	<u>5,594,270</u>	<u>5,333,420</u>

12. Obligations under leases

At 31 December 2019 the company had total commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	2019	2018
	£	£
Operating leases which expire:		
Within one year	195,365	81,635
In two to five years	<u>884,227</u>	<u>-</u>

13. Allotted and issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	2019	<i>No.</i>	2018
		£		£
Ordinary shares of £1 each	80,000	<u>80,000</u>	80,000	<u>80,000</u>

14. Related party transactions

The voting rights of the company are entirely controlled by the ultimate parent undertaking. As a result the company has taken advantage of the exemptions available in FRS 102.33.1A and has not disclosed transactions with entities which are part of the group in these financial statements.

Key management personnel

The parent company consider the directors of the company to be the key management personnel who have authority and responsibility for planning, directing and controlling the activities of the company. The directors total remuneration is disclosed in note 5.

Notes to the financial statements

at 31 December 2019

15. Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking to be Furukawa Electric Co. Ltd, a company incorporated in Japan.

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Furukawa Electric Co. Ltd, incorporated in Japan.

Copies of its group financial statements, which include the company, are available from Furukawa Electric Co. Ltd, 2-3 Marunouchi 2-chome, Chiyoda-Ku, Tokyo, Japan..

16. Post balance sheet events

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of COVID-19 to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The Company operates in the UK and Europe, which is affected by the pandemic. The business is currently being impacted both through government restrictions on its own working practices and the operations of its customers and end customers. Whilst current performance does not indicate a significant adverse effect, this could have a detrimental impact on the business's revenues, profit and cash flows. Any impact on future cash flows or the carrying value of assets will be reflected in the 2020 financial statements.

There were no significant events between the Statement of Financial Position date and the date of signing of the financial statements, affecting the company, which require adjustment to or disclosure in the financial statements.