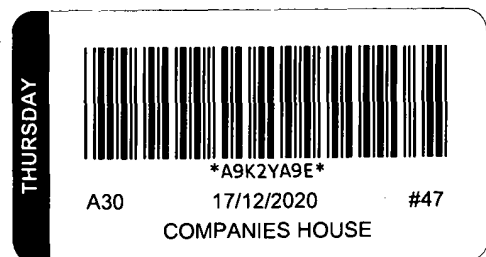


OMRON ELECTRONICS LIMITED

Annual report and financial statements
Registered number: 02602783
FOR THE YEAR ENDED 31 MARCH 2020



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Company Information

Directors	Heath Davis Gary Banks
Registered number	02602783
Registered office	Opal Drive Fox Milne Milton Keynes United Kingdom MK15 0DG
Independent Auditor	Deloitte LLP Statutory Auditor 1 Station Square Cambridge United Kingdom CB1 2GA
Bankers	JP Morgan Chase Bank London Branch 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Solicitors	Longmores 6 Bluecoats Avenue Hertford Hertfordshire SG14 1PB

Strategic Report

For the year end 31 March 2020

Introduction

The Directors present their Strategic Report for the year ended 31 March 2020.

Principal activities

Omron Electronics Limited ("the Company") is a technology provider in Industrial Automation.

The Company's strategic direction is determined by European management based in the Netherlands which in turn operates within the context of a strategy formulated by its parent company in Japan. The delivery of the strategy is the responsibility of the Company's sales management.

Business review

In 2019/2020 sales decreased by 9.76% against the previous year, reflecting more difficult trading conditions and associated uncertainties surrounding Covid-19 and Brexit.

During the year the gross profit levels were more than adequate to achieve the minimum operating profit level prescribed by the Limited Risk Distributor contract. The Actual Gross Profit decreased by 12.97% against the previous year as a result of lower sales and a higher product cost mix.

Administration cost for the year decreased by 8.4%, primarily due to increased cost controls. All other areas of cost are in line with expectations.

The operating profit of 3.11% of sales is within the expected range, representing a 1.23% decrease from the previous year.

The Company's Balance Sheet shows the Company's net asset position of £5,146,786 (2019: £5,646,520) at the end of the year.

Principal risks and uncertainties

The Directors regularly consider the main risks of the Company and how to mitigate those risks, including the use of corporate risk analysis and business continuity planning tools.

Brexit remains the single most significant risk to the Company. Various contingency plans are being considered should the outcome of current negotiations result in restrictions and/or tariffs being imposed on products imported into the UK from the EU. Under the sub-distribution agreement some of these risks have already been mitigated.

In order to protect the financial status of the business the Directors have agreed various policies and processes with the parent company within the framework of a sub - distribution agreement.

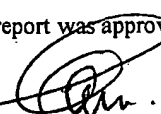
The Directors have set a current financial policy of avoiding bank credit or external borrowing arrangements and to agree to supplier payment terms in order to maintain sufficient funds for normal operational cash flow requirements.

The Directors remain optimistic regarding the long term prospects of the Company. However, on 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 a pandemic and national governments have acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and the global economy. The full extent of the Covid-19 economic impact is currently uncertain but the Directors continue to closely monitor the developments and their impact on the Company.

Financial key performance indicators

The financial KPIs used to monitor the progress of the UK business operate within a framework set out by European Management and primarily within the context of a one year plan. The focus is on a Management Profit & Loss Account including Sales and Gross Profit. Infrastructure (General Administration) costs are managed on a European basis and are subject to a different set of performance indicators. Revenue for the year amounted to £36,116,161 (2019: £40,023,150) and gross profit amounted to £8,356,252 (2019: £9,601,513). These results are below the Company's budgets for the fiscal year as referenced in the business review, however, reflects satisfactory progress against the longer term VG2.0 business plan.

This report was approved by the board on 17/9/2020 and signed on its behalf.


Heath Davis
Director

Directors' Report

For the year end 31 March 2020

The Directors present their annual report on the affairs of the Company together with the financial statements and auditor's report the year ended 31 March 2020.

Results and dividends

The profit for the year, after taxation, amounted to £900,266 (2019: £1,369,577).

A dividend of £1,400,000 was approved and paid during the year (2019: £1,100,000). Subsequent to the Balance Sheet date a dividend of £800,000 is pending approval and due to be paid.

Directors

The Directors who served during the year and to the date of this report were:

Heath Davis
Gary Banks

Future developments

In 2020/2021 the Company is expecting a more challenging economic environment due to Covid-19. For this reason budgets have not yet been fixed and certain costs and projects have been postponed. Budgets are expected to be approved by the end of Q2 2020.

The Omron group has seen increased interest in our mobile robots, collaborative robots and other factory automation products which can partly be attributed to new regulations and considerations around social distancing. The Company believe that Omron Electronics Limited is well placed to support customers with these new requirements with a wide range of products.

Disclosure of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, liquidity risk and credit risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Liquidity risk

The Company regards the availability of funds sufficient for the Company's liquidity requirements and to enable the Company to settle its debts as and when they fall due on an ongoing basis. Omron UK financing is performed via the cash pooling system. This pool currently has amply sufficient liquid funds. In addition, the Group parent company has set up an "Emergency Credit Line Program", according to which every cash pool participant can use a credit line to cover its fixed costs

Directors' Report (continued)
For the year end 31 March 2020

Credit risk

The Company's principal financial assets are bank balances, cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for Impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Going concern

The Directors are satisfied that the Company has adequate resources to continue trading, for at least 12 months after approval of the financial statements, and for its foreseeable needs given current forecasts, net asset position and available liquid resources. For this reason the board have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

The impact of Covid-19 is felt throughout all segments in the market, both operationally as well as financially.

Omron UK financing is performed via the cash pooling system. This pool currently has amply sufficient liquid funds. In addition, the Group parent company has set up an "Emergency Credit Line Program", according to which every cash pool participant can use a credit line to cover its fixed costs.

As at 31 March 2020, the Company has cash of £4.38 million (2019: £5.11 million), and net current assets of £4.87 million (2019: £5.39 million). The Directors, in making this assessment, have taken into consideration the Company's liquidity position, as well as the further options of liquidity funding, as referred to above.

Additional controls and checks have been put in place across the group to monitor the payment behaviour of customers, any changes or concerns are immediately escalated for management to act upon by engaging with customers. The group has also committed to maintaining normal payment behaviour towards our suppliers in line with its principles.

The Company's immediate parent, Omron Europe B.V., is financially very strong and has sufficient financial reserves to survive the current situation. In line with the distribution model of the group, the parent will continue to manage the risks of the sales companies and the group also during this difficult period as has been the case during previous crises periods.

Despite operating in an uncertain business environment due to Covid-19, the Company do not believe, that the impact of the Covid-19 virus would have a material adverse effect on our financial condition or liquidity.

Political contributions

There were no donations made to political parties (2019: £nil)

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor. Omron Electronics Limited will assess the reappointment of its auditors within 3 to 5 years in line with its governance procedures.

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

Heath Davis

Director

Date:

17/9/2020

Registration Number: 02602783

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMRON ELECTRONICS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Omron Electronics Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprises:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

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 Financial Reporting Council's (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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters 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.

We have nothing to report in respect of those matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMRON ELECTRONICS LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusions 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 misstatement, 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 this other information, we are required to report that fact.

We have nothing to report in respect of those matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report or the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMRON ELECTRONICS LIMITED (CONTINUED)

Matters on which we are required to report by exemption

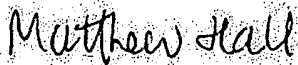
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of this 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 of 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.



Matthew Hall, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Date: 17 September 2020

Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	36,116,161	40,023,150
Cost of sales		<u>(27,759,909)</u>	<u>(30,421,637)</u>
Gross profit		8,356,252	9,601,513
Distribution costs		(131,790)	(117,139)
Administrative expenses		(7,275,448)	(7,942,685)
Other operating income	5	<u>173,135</u>	<u>195,791</u>
Operating profit	6	1,122,149	1,737,480
Interest receivable and similar income	9	<u>2,993</u>	<u>1,561</u>
Profit before taxation		1,125,142	1,739,041
Tax on profit	10	<u>(224,876)</u>	<u>(369,464)</u>
Profit for the financial year		<u>900,266</u>	<u>1,369,577</u>

The notes on pages 12 to 23 form part of these financial statements.

All activities derive from continuing operations.

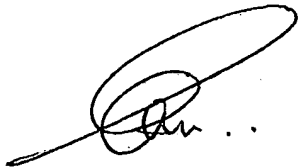
Balance Sheet
As at 31 March 2020

	Note		2020 £	2019 £
Fixed assets				
Tangible assets	12		<u>286,255</u>	<u>261,826</u>
			286,255	261,826
Current assets				
Stocks	13	95,576	14,261	
Debtors: amounts falling due within one year	14	7,950,254	9,859,607	
Cash at bank and in hand	15	4,377,206	5,108,762	
		<u>12,423,036</u>	<u>14,982,630</u>	
Creditors: amounts falling due within one year	16	<u>(7,548,759)</u>	<u>(9,595,468)</u>	
Net current assets			<u>4,874,277</u>	<u>5,387,162</u>
Total assets less current liabilities			<u>5,160,532</u>	<u>5,648,988</u>
Provisions for liabilities				
Deferred tax	17	<u>(13,746)</u>	<u>(2,468)</u>	
			<u>(13,746)</u>	<u>(2,468)</u>
Net assets			<u><u>5,146,786</u></u>	<u><u>5,646,520</u></u>
Capital and reserves				
Called up share capital	18		2,500,000	2,500,000
Profit and loss account	19		<u>2,646,786</u>	<u>3,146,520</u>
Shareholders' funds			<u><u>5,146,786</u></u>	<u><u>5,646,520</u></u>

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the board of Directors on

17/9 | 2020 and were signed on its behalf by:



Heath Davis
Director

Registration Number 02602783

Statement of Changes in Equity
For the year ended 31 March 2020

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2019	2,500,000	3,146,520	5,646,520
Total comprehensive income for the year			
Profit for the year	-	900,266	900,266
Total comprehensive income for the year		<u>900,266</u>	<u>900,266</u>
Dividends: Equity capital (Note 11)	-	(1,400,000)	(1,400,000)
At 31 March 2020	<u>2,500,000</u>	<u>2,646,786</u>	<u>5,146,786</u>

The notes on pages 12 to 23 form part of these financial statements.

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2018	2,500,000	2,876,943	5,376,943
Total comprehensive income for the year			
Profit for the year	-	1,369,577	1,369,577
Total comprehensive income for the year		<u>1,369,577</u>	<u>1,369,577</u>
Dividends: Equity capital (Note 11)	-	(1,100,000)	(1,100,000)
Balance at 31 March 2019	<u>2,500,000</u>	<u>3,146,520</u>	<u>5,646,520</u>

The notes on pages 12 to 23 form part of these financial statements.

NOTES

(forming part of the financial statements)

1. General information

Omron Electronics Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company is a 100% subsidiary of Omron Europe B.V. which in turn is part of Omron Corporation, Japan. Omron Corporation is listed on the Tokyo and Osaka stock exchanges. We refer our readers to the annual reports and integrated reports which can be found in the investor section of the Omron global website, www.omron.com, which do not form part of this report.

Omron Electronics Limited is based in Milton Keynes and continues to be engaged principally in the sale and distribution of a wide range of Omron products including industrial components, sensors, automation systems and other electronic control components.

The address of its registered office and principal place of business are disclosed on the Company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Exemptions for qualifying entities under FRS 102

Omron Electronics Limited is a qualifying entity for certain disclosure exemptions under FRS 102. The Company has taken advantage of the following disclosure exemptions in the preparation of these financial statements.

a. Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent undertaking, Omron Corporation, includes the Company's cash flows in its own consolidated financial statements.

b. Disclosure of key management personnel compensation

The Company has taken advantage of the exemption, under FRS102 paragraph 1.12(e), from disclosing total key management personnel compensation.

c. Disclosure of related party transactions

The Company has taken advantage of the exemption, under FRS102 paragraph 33, from disclosing Related Party Transactions with other wholly owned subsidiaries of Omron Corporation.

2.3 Revenue

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

Sale of goods

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

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

NOTES (continued)
(forming part of the financial statements)

2. Accounting policies (continued)

2.3 Revenue (continued)

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the branch will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	- 9 - 33.3% per annum - straight-line
Leasehold Improvements	- 9% - per annum - straight-line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

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

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

2.6 Debtors

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

2.7 Cash and cash equivalents

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

NOTES *(continued)*
(forming part of the financial statements)

2. Accounting policies (continued)

2.8 Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimated of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

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

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

2.9 Foreign currency transaction

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.10 Dividends

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

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES *(continued)*
(forming part of the financial statements)

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

2.14 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.15 Current and deferred taxation

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

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

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

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

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

NOTES *(continued)*
(forming part of the financial statements)

2. Accounting policies (continued)

2.16 Going concern

The Directors are satisfied that the Company has adequate resources to continue trading, for at least 12 months after approval of the financial statements, and for its foreseeable needs given current forecasts, net asset position and available liquid resources. For this reason the board have concluded that there are no material uncertainties in adopting the going concern basis in preparing the financial statements.

The impact of Covid-19 is felt throughout all segments in the market, both operationally as well as financially.

Omron UK financing is performed via the cash pooling system. This pool currently has amply sufficient liquid funds. In addition, the Group parent company has set up an "Emergency Credit Line Program", according to which every cash pool participant can use a credit line to cover its fixed costs.

As at 31 March 2020, the Company has cash of £4.38 million (2019: £5.11 million), and net current assets of £4.87 million (2019: £5.39 million). The Directors, in making this assessment, have taken into consideration the Company's liquidity position, as well as the further options of liquidity funding, as referred to above.

Additional controls and checks have been put in place across the group to monitor the payment behaviour of customers, any changes or concerns are immediately escalated for management to act upon by engaging with customers. The group has also committed to maintaining normal payment behaviour towards our suppliers in line with its principles.

The Company's immediate parent, Omron Europe B.V., is financially very strong and has sufficient financial reserves to survive the current situation. In line with the distribution model of the group, the parent will continue to manage the risks of the sales companies and the group also during this difficult period as has been the case during previous crises periods.

Despite operating in an uncertain business environment due to Covid-19, the Company do not believe, that the impact of the Covid-19 virus would have a material adverse effect on our financial condition or liquidity.

2.17 Other operating income

Other operating income primarily consists of income not directly related to the principal activity. It mainly comprises the mark up on intercompany recharges.

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

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Directors have not made any critical judgments and do not believe there are key sources of estimation uncertainty in the process of applying the Company's accounting policies when compiling the financial statements.

NOTES *(continued)*
(forming part of the financial statements)

4. Turnover

The whole of the turnover is attributable to the industrial automation market by the sale of goods.

Analysis of turnover by county of destination:

	2020 £	2019 £
United Kingdom	33,382,690	37,588,566
Rest of Europe	2,733,471	2,434,584
	36,116,161	40,023,150

5. Other operating income

	2020 £	2019 £
Other operating income - mark up on Intercompany recharges	173,135	195,791
	173,135	195,791

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible assets (Note 12)	99,861	66,713
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements (Note 7)	40,000	39,000
Operating lease rentals	729,958	697,162
Bad debts	3,003	153,918
Difference on foreign exchange	(109,130)	60,086
Loss on sale of tangible fixed assets	-	9,393
	-	-

NOTES (continued)
(forming part of the financial statements)

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>40,000</u>	<u>39,000</u>

The Company's auditor is not paid for any other services other than the audit of the financial statements.

8. Employees

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	4,337,256	4,469,319
Social security costs	567,494	612,810
Cost of defined contribution scheme	387,856	394,347
	<u>5,292,606</u>	<u>5,476,476</u>

All the Directors who served during the year were remunerated by other Group Companies and not for services to this Company. No post employment benefits are accruing for Directors at 31 March 2020 under defined benefit schemes (2019: £nil).

No Directors (2019: none) are accruing benefits under a long-term incentive scheme.

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

	2020	2019
	No.	No.
Sales	61	65
Other	48	54
	<u>109</u>	<u>119</u>

9. Interest receivable and similar income

	2020	2019
	£	£
Other interest receivable	<u>2,993</u>	<u>1,561</u>
	<u>2,993</u>	<u>1,561</u>

NOTES (continued)
(forming part of the financial statements)

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	213,598	349,251
Adjustments in respect of previous periods	-	27,077
Total current tax	213,598	376,328
Deferred tax		
Origination and reversal of timing differences	10,987	4,436
Adjustments in respect of prior periods	-	(11,300)
Effect of tax rate change on opening balance	291	-
Total deferred tax (see note 17)	11,278	(6,864)
Taxation on profit	224,876	369,464

Factors affecting tax charge for the year

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

	2020 £	2019 £
Profit before tax	1,125,142	1,739,041
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	213,777	330,418
Effects of		
Expenses not deductible for tax purposes	5,371	16,655
Fixed asset differences	5,437	7,136
Adjustments to tax charge in respect of prior periods	-	27,077
Adjustments to tax charge in respect of prior periods - deferred tax	-	(11,300)
Adjust closing deferred tax to average rate of 19.00%	-	(290)
Adjust opening deferred tax to average rate of 19.00%	291	(232)
Total tax charge for the year	224,876	369,464

NOTES (continued)
(forming part of the financial statements)

10. Taxation (continued)

Factors that may affect future tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. The deferred tax liability at the Balance Sheet date has been calculated at 19% (2019: 17%).

11. Dividends

	2020 £	2019 £
Final Dividend of 56.0p per Ordinary Share (2019: 44.0p)	1,400,000	1,100,000
	1,400,000	1,100,000
	1,400,000	1,100,000

Dividends proposed by the Directors in the sum £800,000 (32.0p per ordinary share) have not been approved or paid at the Balance Sheet date and are not included in the liability.

12. Tangible fixed assets

	Leasehold Improvements £	Plant and machinery £	Total £
Cost			
At 1 April 2019	610,831	1,174,625	1,785,456
Additions	-	124,290	124,290
At 31 March 2020	610,831	1,298,915	1,909,746
Depreciation			
At 1 April 2019	610,831	912,799	1,523,630
Charge for the year on owned assets	-	99,861	99,861
At 31 March 2020	610,831	1,012,660	1,623,491
Net book value			
At 31 March 2020	-	286,255	286,255
At 31 March 2019	-	261,826	261,826

NOTES (continued)
(forming part of the financial statements)

13. Stocks

	2020 £	2019 £
Finished goods	95,576	14,261
	95,576	14,261
	95,576	14,261

14. Debtors

	2020 £	2019 £
Trade debtors	7,444,999	8,932,022
Amounts owed by group undertakings (unsecured, repayable on demand and interest free)	100,732	739,551
Other debtors	43,772	41,613
Prepayments and accrued income	360,751	146,421
	7,950,254	9,859,607
	7,950,254	9,859,607

Amounts owed by group undertakings are recharges of expenses to Omron Europe B.V. for the salaries and administrative expenses incurred whilst performing services on behalf of the intermediate parent.

15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	4,377,206	5,108,762
	4,377,206	5,108,762
	4,377,206	5,108,762

16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	279,368	187,820
Amounts owed to group undertakings (unsecured, repayable on demand and interest free)	4,539,371	5,947,718
Corporation tax	101,454	252,304
Other taxation and social security	87,248	1,747,345
Other creditors	1,293,703	113,589
Accruals and deferred income	1,247,615	1,346,692
	7,548,759	9,595,468
	7,548,759	9,595,468

Amounts owed to group undertakings relate to purchases from Omron BV for goods.

NOTES (continued)
(forming part of the financial statements)

17. Deferred taxation

	2020 £
Liability at beginning of year	(2,468)
Charged to profit or loss (see note 10)	(11,278)
Liability at end of year	(13,746)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(31,151)	(17,301)
Short term timing differences	17,405	14,833
	<u>(13,746)</u>	<u>(2,468)</u>

18. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2,500,000 (2019 - 2,500,000) ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

19. Reserves

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £387,856 (2019 - £394,347). Contributions totalling £71,601 (2019 - £77,433) were payable to fund at the Balance Sheet date and are included in creditors.

NOTES (continued)
(forming part of the financial statements)

21. Commitments under operating leases

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

	2020	2019
	£	£
Land and buildings		
Not later than 1 year	401,203	414,253
Later than 1 year and not later than 5 years	1,596,412	1,598,512
Later than 5 years	394,778	793,880
	2,392,393	2,806,645
	2020	2019
	£	£
Office equipment and Motor vehicles		
Not later than 1 year	356,309	610,771
Later than 1 year and not later than 5 years	505,904	1,797,212
Later than 5 years	-	16,045
	862,213	2,424,028
	2020	2019
	£	£

22. Controlling party

The Company's immediate parent undertaking is Omron Europe B.V., a company incorporated in the Netherlands. The Company's ultimate parent company and controlling entity is Omron Corporation, a company incorporated in Japan. Omron Corporation is the parent of the smallest and largest groups of which the Company is a member and for which Group accounts are prepared. Copies of the Group financial statements can be obtained from Omron Corporation, Head Office. Its registered address is Shiokoji Horikawa, Shimogyo-ku, Kyoto.600-8530, Japan.